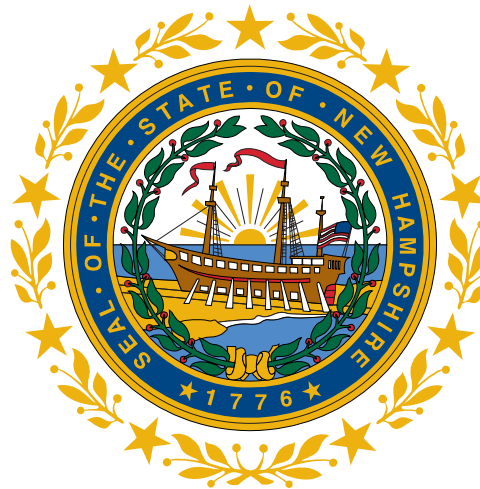


State of New Hampshire

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
June 30, 2009

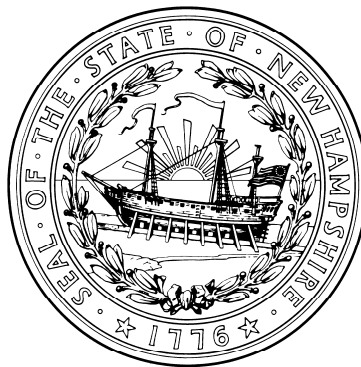


Prepared By:
DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE OF NEW HAMPSHIRE

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended
June 30, 2009



Prepared by the Department of Administrative Services

Linda M. Hodgdon, Commissioner

Edgar R. Carter, Comptroller

Stephen C. Smith, Administrator

Diana L. Smestad

Kelly J. Brown

Division of Accounting Services

This document and related information can be accessed at <http://admin.state.nh.us/accounting>



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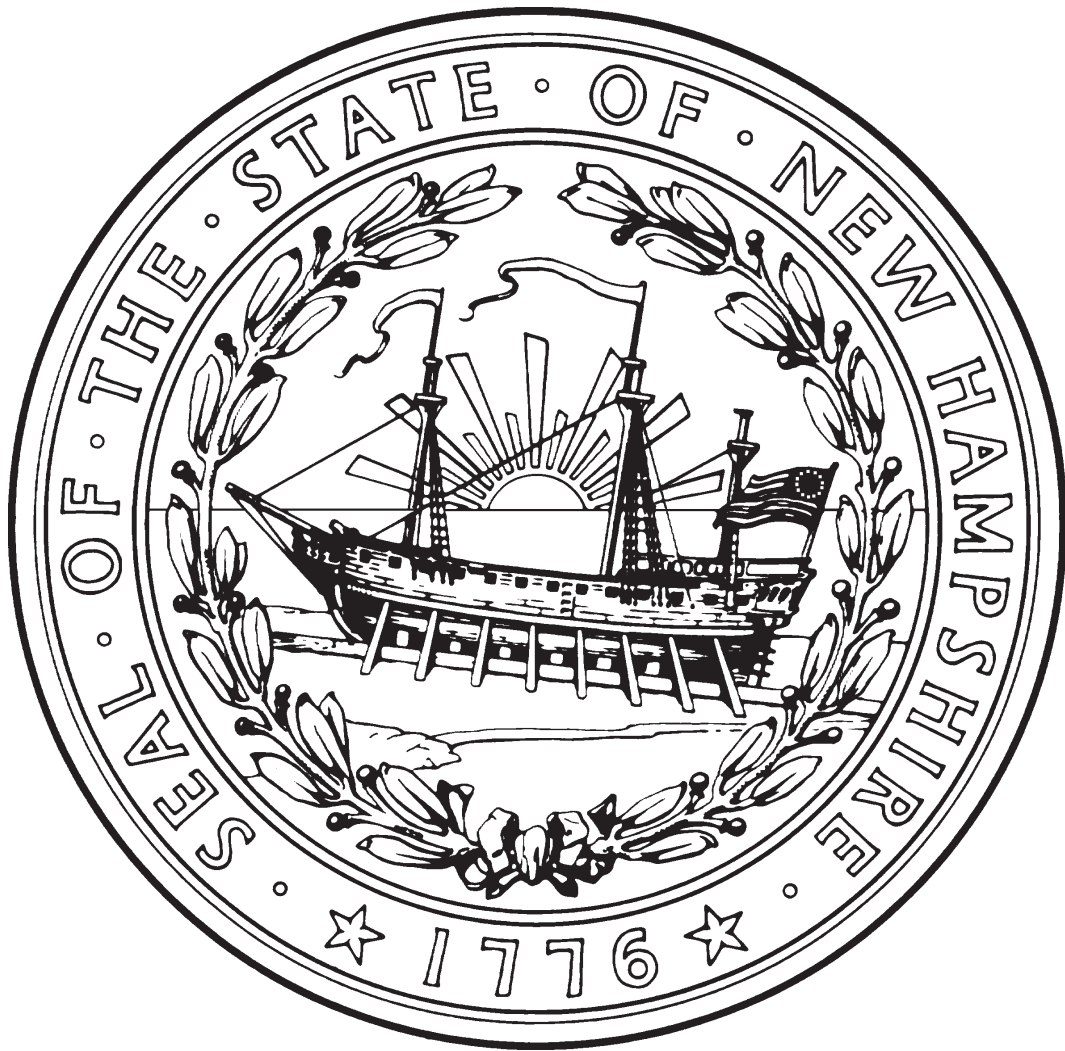
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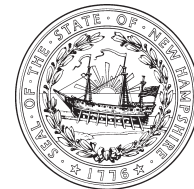
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STATE OF NEW HAMPSHIRE**OFFICE OF THE GOVERNOR**

To: The Citizens of the State of New Hampshire and the Honorable Members of the Legislature

I am pleased to accept the Comprehensive Annual Financial Report for the State of New Hampshire for the fiscal year ended June 30, 2009.

The national recession caused significant challenges in New Hampshire, as in other states, in 2009. Unemployment increased and businesses and families struggled to make ends meet. The recession also had a significant impact on the fiscal year 2009 state budget: general fund revenues were twelve percent (12%) below plan and six percent (6%) below the prior year.

The State of New Hampshire acted early to respond to the drop in state revenues, making cuts across state government to ensure a balanced budget for 2009. At the same time, we began work on the 2010-2011 budget. Unlike many other states, we completed our budget on time, cut spending and avoided major new taxes.

As we cut spending, we did so with the goal of improving efficiency, effectiveness, and accessibility. We eliminated programs, boards, and commissions that were no longer central to our mission; we closed buildings; we encouraged the use of technology to streamline the delivery of services; and we reduced personnel costs where possible. This was done to protect our core investments in public safety, education, and the safety net for our most vulnerable citizens.



Despite our challenges, we made progress this year as well. The State of New Hampshire launched its new statewide enterprise resource planning system, NH FIRST, which has modernized our business practices, increased the efficiency of our financial management system, and will make it possible for state government to look at spending across state agencies and prepare monthly spending reports to share with the public. The biennial budget constructed in 2009 took key steps toward improving the viability and affordability of our retiree health care benefits and retirement system. And a number of our largest agencies, including the Division of Motor Vehicles and the Department of Health and Human Services, moved more of their service offerings online, improving delivery for citizens and reducing operating costs for state government.

Two thousand nine was a challenging year for the State of New Hampshire and for families and businesses across the state. In the face of these challenges, New Hampshire remains better positioned than most states. We continue to have one of the lowest unemployment rates in the nation; our tax burden is one of the lowest in the nation; and we have the fourth-lowest spending per capita.

By making tough decisions and providing steady leadership, New Hampshire will emerge from this recession in a better place than many of our neighboring states. From the legislature to state employees to the people of our great state, I am appreciative of all the hard work that went into meeting our collective challenges in 2009.

Sincerely,

A handwritten signature in dark ink, which appears to read "John H. Lynch".

John H. Lynch
Governor



State of New Hampshire
Selected State Officials
For the Fiscal Year Ended June 30, 2009

Executive Branch

Governor John H. Lynch

Executive Council

Raymond S. Burton, District 1

John D. Shea, District 2

Beverly A. Hollingworth, District 3

Raymond J. Wieczorek, District 4

Debora B. Pignatelli, District 5

Attorney General

Kelly A. Ayotte

Commissioner of Administrative Services

Linda M. Hodgdon

Treasurer

Catherine A. Provencher

Secretary of State

William M. Gardner

Judicial Branch

Chief Justice of the Supreme Court

John T. Broderick Jr.

Legislative Branch

President of the Senate

Sylvia B. Larsen

24 Senators

Speaker of the House of Representatives

Terie Norelli

400 Representatives

STATE OF NEW HAMPSHIRE

ORGANIZATION CHART



LEGISLATIVE

Senate
House of Representatives
Legislative Services
Legislative Budget Assistant

EXECUTIVE

Governor
and
Council

JUDICIAL

Supreme Court
Superior Court
District Court
Municipal Court
Probate Court

STATE AGENCIES AND COMPONENT UNITS (*)

GENERAL GOVERNMENT

Administrative Services
Cultural Resources
Executive Office
NH Retirement System*
Revenue Administration
Secretary of State
State Treasury

ADMINISTRATION OF JUSTICE AND PUBLIC PROTECTION

Adjutant General
Agriculture, Markets & Food
Banking
Corrections
Employment Security
Highway Safety
Insurance
NH Judicial Retirement Plan*
Justice
Labor
Liquor Commission
Public Deposit Investment Pool
Public Utilities Commission
Racing & Charitable Gaming Commission
Safety

RESOURCE PROTECTION AND DEVELOPMENT

Business Finance Authority*
Environmental Services
Fish and Game
Community Development Finance
Authority*
Pease Development Authority*
Resources and Economic Development

TRANSPORTATION

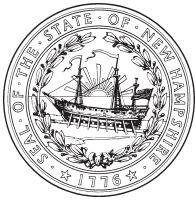
Transportation

HEALTH AND SOCIAL SERVICES

Health and Human Services
Veterans' Council
Veterans' Home

EDUCATION

Education
Postsecondary Education Commission
Community College System of NH*
Lottery Commission
University System of
New Hampshire*



State of New Hampshire
DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

LINDA M. HODGDON
Commissioner
(603) 271-3201

January 22, 2010

To: The Citizens of New Hampshire,
His Excellency the Governor
and the Honorable Council

In accordance with the Revised Statutes Annotated (RSA) 21-I:8,II (a), it is a pleasure to submit the Comprehensive Annual Financial Report (CAFR), covering the fiscal year ended June 30, 2009. This report has been prepared by the state Department of Administrative Services and responsibility for both the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the state. The basic financial statements, considered by management to present fairly and consistently the state's financial position and results of operations, have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB).

The CAFR is presented in three major sections:

- The Introductory Section includes this transmittal letter, the state's organization chart, and summary financial information.
- The Financial Section includes the independent auditors' report, management's discussion and analysis (MD&A), government-wide financial statements, fund financial statements for governmental funds, proprietary funds, fiduciary funds together with notes to the basic financial statements, required supplementary information and combining financial statements.
- The Statistical Section contains selected financial, demographic, and economic data.

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

The financial reporting entity includes all funds of the state as legally defined, as well as all of its component units. Component units are legally separate entities for which the state is financially accountable. Note 1 to the Basic Financial Statements provides a more complete description of the state's reporting entity. The state provides a full range of services including: the construction and maintenance of highways and infrastructure, education, health and social services, public safety, conservation of natural resources, economic development, and recreation facilities and development.

New Hampshire's Economic Outlook

New Hampshire's economy, like that of the region, went from decline to very low growth in the second half of 2009. As in the national economy, the regional economy is showing some signs of improvement, but the outlook is for a slow and weak growth coming out of the recession.

Employment in the region has been experiencing decline since early 2008 and is expected to continue to decline till fourth quarter 2010. The region is expected to lose over 400,000 jobs or 5.8% of employment before the decline ends. New Hampshire has not weakened as much as the region or the nation. Since the beginning of the recession through July 2009, the U.S. job base declined 5%, the region 4%, while the state lost only 3%, and New Hampshire's unemployment rate has remained below New England and U.S. averages. Looking forward, private service producing employment in the state is expected to grow by 1.2% annually through 2013. Educational and health services will post the highest annual job growth at 2.5%, followed by professional and business services at 2.1%.

The housing market in New Hampshire is showing signs of stabilization but is still working to recover from its fall. From the peak, home sales have declined by approximately forty percent and home prices are down approximately twenty percent. Housing prices are not expected to begin increasing until the end of 2010. Household wealth and consumer confidence have had significant setbacks through the recession, and it will take a long period of time for consumer spending and the housing market in the region to recover.

<i>New Hampshire's Economic Scoreboard for 2009</i>		
<i>Categories</i>	<i>NH's National Rank</i>	<i>NH's Rank in New England</i>
Favorable Tax Climate	1st	1st
Standard of Living (by inverse of poverty rate 2007)	1st	1st
Child and Family Well-Being (Annie E. Casey Foundation, 2009)	1st	1st
Safest State (Lowest crime rank, 2009)	1st	1st
Most Livable State (CQ Press, 2009)	1st	1st
Healthiest State (CQ Press, 2009)	5th	2nd
College Educated Population	8th	4th

Source: Dennis Delay, NH Center for Public Policy Studies

As New Hampshire exits this recessionary period, the state remains in a stronger position than the rest of the region. New Hampshire has continued to receive high quality of life rankings in CQ Press' Most Livable State Awards, ranking first in standard of living, and the most livable state and is expected to outperform the region in recovery due to the state's diverse economy, educated workforce, low poverty and low unemployment.

MAJOR INITIATIVES

Enterprise Resource Planning (ERP)

The State of New Hampshire has been working for many years to replace our antiquated budgeting, financial and human resource systems that did not meet our business needs. In July of 2008, the first phase of this project was completed to replace the budgeting system and to implement a new chart of accounts thereby improving clarity of expenditures. In July of 2009, an enterprise-wide financial system (ERP) was implemented to replace the twenty-five year old mainframe general ledger system. This second phase was a major undertaking to improve the sustainability, accountability, and efficiency of financial administration, processing controls, and management information. The human resource component is the third leg that will be initiated toward the end of this biennium.

This entire project is very complex and has a wide-ranging effect on how state agencies operate, manage their finances, and interact with vendors and citizens of New Hampshire. This new system encompasses both payments and revenue collection including the following functions: Procurement, Accounts Payable, Accounts Receivable, General Ledger and Grants Administration. The new processes have been designed with the goal of improving efficiency, speed of processing and the state's cash-flow.

The decision to invest in this project was based on several criteria not the least of which are: (1) our need to take advantage of modern processing technology to reduce costs and delays in associated paperwork, cycle-time for state procurement, payment and revenue collection. (2) The state had for many years relied on a system that had been customized to the point it could no longer be serviced or maintained by the original vendor. For decades, we have relied on experienced staff to manage the platform. As people transitioned to other jobs or retired, it became increasingly difficult to recruit new talent interested in supporting this old system. The technology itself was limited, archaic, and presented sustainability risks we needed to eliminate.

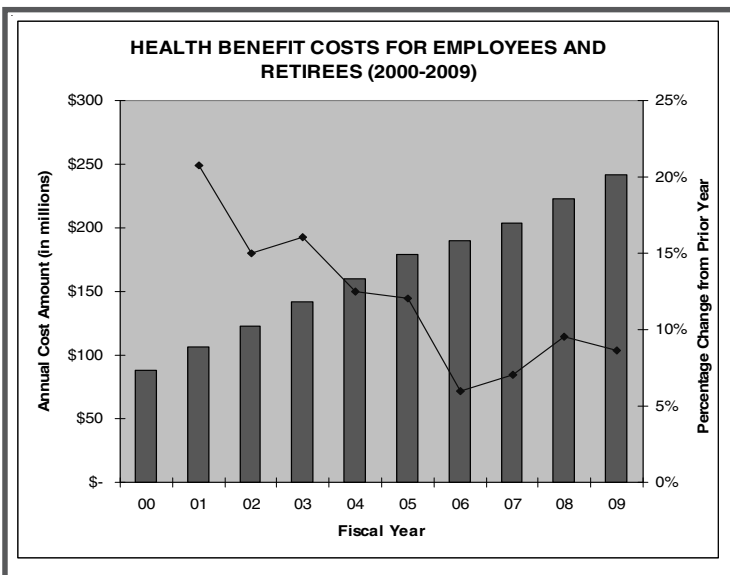
The scale and scope of this new system has been a significant undertaking given that each agency has a distinct mission/purpose and over the course of 25 years internal processes evolved to help them meet their individual business needs because the mainframe system did not. In addition, those internal processes were not uniform. A singular migration was therefore much more complicated than otherwise would be the case. Nonetheless, after three years of perseverance, unexpected delays and technical challenges, state staff were trained and the system was made operational on July 6th. This introduced new business processes in requisitions and purchasing, accounts payable, accounts receivable, and general accounting transactions.

As with any complex technical project, there have been unexpected issues, requiring analysis, diagnosis, and correction. These results can create problems for people who depend on them. All enterprise implementations experience challenges and this one is no different. We continue to be very pleased with all that has gone well and we work diligently on those issues that have yet to be fully resolved.

Employee Benefit Risk Management Fund

Chapter 251, Laws of 2001, authorized the Commissioner of Administrative Services to provide a self-funded alternative to traditional insurance programs for employee benefits to aid in controlling the rise in health benefit costs. As a result, a new fund, titled the Employee Benefit Risk Management Fund (EBRMF), was established in October 2003. The fund was created to manage the state's self-insurance program and to pool all resources to pay for the costs associated with providing employee benefits for state employees and retirees.

Agencies are charged an actuarially determined "working rate", which is paid into this fund on a bi-weekly basis and efficiently controlled through the state's payroll system. The working rate is intended to cover the costs of anticipated claims, administrative fees and reserve requirements. Claims payments by the third party administrator to the healthcare providers are reimbursed by the state out of this fund weekly.



Now in its fifth full year of self-funding, the state has achieved, considerable cost savings. The average annual percent change in health costs has decreased from 17% for fiscal 2000-2003 to 9.3% for fiscal 2004-2009. In addition, during fiscal 2009, \$11.6 million of accumulated fund surplus was credited to the agencies as a rate holiday. The dental plan became self-funded in December 2007, and ended fiscal 2009 with a small surplus. At June 30, 2009, the EBRMF ended the year with a surplus of \$12.4 million and cash on hand of \$35.7 million.

The state continues to analyze the activity in this fund, and contracts with a consulting firm to assist and provide actuarial, claims audit and general consulting services in order to evaluate the ongoing performance of this fund and to determine the best way to control health benefit costs through this arrangement.

MAJOR INITIATIVES - CONTINUED

American Recovery and Reinvestment Act of 2009

On January 27, 2009, the Governor issued Executive Order 2009-1 creating the Office of Economic Stimulus ("OES"). The OES is responsible for coordinating with State agencies to ensure all conditions of the American Recovery and Reinvestment Act of 2009 ("ARRA") are met.

In fiscal year 2009, the State received \$32.2 million in ARRA funding related to an increased federal Medicaid reimbursement rate of 6.25% on Medicaid claims paid from October 1, 2008 through June 30, 2009. It is estimated that the State will receive \$91.2 million and \$54 million from this ARRA funding in fiscal year 2010 and 2011, respectively.

The ARRA provides significant State funding through a provision known as the State Fiscal Stabilization Fund. The State's allocation totals \$200.8 million. As required by federal law, the State budgeted 81.8 percent (\$164 million) of its allocation for education. In each of fiscal years 2010 and 2011, \$80 million is budgeted in the Education Trust Fund for educational adequacy payments to local school districts. Additionally, the Community College System and the University System will receive \$1.1 million and \$3 million, respectively, in fiscal year 2010. The State will request reimbursement from the federal government for all amounts based on the timing of expenditures made at the local school district, college, and university system levels. The ARRA provides that a portion of the State Fiscal Stabilization Fund can be used by states for public safety and other government services. The State has allocated this flexible portion to fund other State government services of \$34 million in fiscal year 2009 and \$2.5 million over fiscal years 2010 and 2011. The State will request reimbursement from the federal government as expenditures are incurred. The \$34 million related to fiscal year 2009 has been received by the State.

The State has received additional direct program allocations through ARRA for specific program purposes that are being administered through various State agencies. These amounts cannot be used to offset amounts previously funded with State dollars. These amounts include:

Department of Education	\$97.2 million
Department of Transportation	\$235.8 million
Department of Environmental Services	\$73.3 million
Department of Health and Human Services	\$56.5 million
Office of Energy and Planning	\$58.6 million
Department of Labor	\$39.5 million
Department of Justice	\$11.9 million
Department of Employment Security	\$11.1 million

The State is also applying for competitive grant funds in the areas of Broadband, Health Information Technology, and Education which may yield additional ARRA funds for the State.

FINANCIAL INFORMATION

Surplus Statement General and Education Funds (In Millions)

	FY 2007	FY 2008			FY 2009		
	Total	General	Education	Total	General	Education	Total
Undesignated Fund Balance, July 1	\$ 34.4	\$ 61.7	\$ -	\$ 61.7	\$ 17.2	\$ -	\$ 17.2
Additions:							
Unrestricted Revenue	2,291.2	1,483.9	882.8	2,366.7	1,360.2	842.2	2,202.4
Executive Order Revenue					15.1		15.1
Total Additions	2,291.2	1,483.9	882.8	2,366.7	1,375.3	842.2	2,217.5
Deductions:							
Appropriations Net of Estimated Revenues	(2,275.7)	(1,575.8)	(897.1)	(2,472.9)	(1,509.2)	(897.7)	(2,406.9)
Less Lapses	46.1	61.6	(0.3)	61.3	71.2	3.0	74.2
Total Net Appropriations	(2,229.6)	(1,514.2)	(897.4)	(2,411.6)	(1,438.0)	(894.7)	(2,332.7)
GAAP and Other Adjustments	(14.3)	7.9	(0.7)	7.2	2.1	(0.4)	1.7
ARRA Stabilization					18.4		18.4
Current Year Balance	47.3	(22.4)	(15.3)	(37.7)	(42.2)	(52.9)	(95.1)
Fund Balance Transfers (To)/From:							
Rainy Day Fund	(20.0)				79.7		79.7
Highway Fund		(6.8)		(6.8)	(1.8)		(1.8)
Education Trust Fund		(15.3)	15.3		(52.9)	52.9	
Undesignated Fund Balance, June 30,	\$ 61.7	\$ 17.2	\$ (0.0)	\$ 17.2	\$ -	\$ -	\$ (0.0)
Reserved for Rainy Day Account	89.0	89.0		89.0	9.3		9.3
Total Equity	\$ 150.7	\$ 106.2	\$ (0.0)	\$ 106.2	\$ 9.3	\$ -	\$ 9.3

The fiscal year 2009 budget as originally adopted estimated a surplus of \$18.4 million would be available to begin fiscal year 2009. The actual General Fund surplus at June 30, 2008 totaled \$17.2 million. The General and Education Trust Funds revenues for fiscal year 2009 were \$2,204.4 million, which were \$315.3 million below plan. Including \$15.1 million of additional revenues included in Executive Order's discussed below, total General and Education Trust Fund revenues were \$2,217.5 million for fiscal year 2009.

Throughout fiscal year 2009, the State's revenue outlook for the year continued to deteriorate. To close the fiscal year 2009 gap, the following actions were taken:

- Chapter 144, Laws of 2009, directs \$65 million be liquidated from the \$110 million surplus in the medical malpractice insurance fund. This fund was originally established in the 1970s to provide coverage as the insurer of last resort. The fund is administered by the Joint Underwriters Association and has accumulated a surplus in excess of required reserves. However, a group of medical providers in the State have challenged the State's right to use this surplus and it is currently uncertain whether these funds will be available. See "Note 13 Litigation" in the Notes to the Basic Financial Statements. The state has not accrued the \$65 million transfer at June 30, 2009.
- Bonding of \$40 million in fiscal year 2009 school building aid payments.
- Applying increased federal Medicaid reimbursement rates from the American Recovery and Reinvestment Act (ARRA) of \$22.4 million to Medicaid costs incurred during fiscal year 2009.
- Applying \$34.0 million in unallocated State Fiscal Stabilization Funds from ARRA monies.
- Executive Order 2008-1, initially issued on February 22, 2008 and expanded with Executive Order 2008-8 to include all of fiscal year 2009 on June 17, 2008, reduced fiscal year 2009 expenditures by \$9.2 million.
- Executive Order 2008-9, issued on June 17, 2008, reduced fiscal year 2009 appropriations and increased miscellaneous revenues across all State agencies, and totaled \$30.1 million.
- Executive Order 2008-10 issued on November 21, 2008 further reduced fiscal year 2009 appropriations and increased miscellaneous revenues across all State agencies in addition to those in Order 2008-9 and totaled \$53.5 million.
- Executive Order 2008-11 significantly restricted, and in some instances eliminated, the use of overtime, consultants, tuition reimbursements, and other categories of spending for fiscal year 2009 estimated savings of \$5.0 million.
- Chapter 1, Laws of 2009 effective February 20, 2009 further reduced the shortfall by \$16.7 million primarily by transferring dedicated funds and reducing the General Fund contribution to the Highway Fund.

These actions and ongoing efforts by agencies and departments statewide to manage expenses, contributed to fiscal year 2009 lapses coming in approximately \$20 million above estimates. As a result of these measures taken, \$79.7 million of the State's Rainy Day Fund was needed to cover the remaining undesignated, unreserved deficit in the state's general and Education trust funds, leaving the Rainy Day Fund with a balance of \$9.3 million at June 30, 2009.

General and Education Fund total net appropriations for fiscal year 2009, including budget reductions and lapses, were \$2,332.7 million, \$78.9 million (3%) below the prior year. Lapses for General and Education Funds were \$74.2 million as compared to \$61.3 million for the prior year.

Summary of General and Education Funds Unrestricted Revenue GAAP Basis (In Millions)

Revenue Category	FY 2007	FY 2008			FY 2009			FY 2009 Combined Plan
		General	Education	Total	General	Education	Total	
Business Profits Tax.....	\$ 345.2	\$ 317.4	\$ 68.0	\$ 385.4	\$ 251.9	\$ 53.9	\$ 305.8	\$ 388.6
Business Enterprise Tax.....	253.5	77.7	155.0	232.7	61.9	123.4	185.3	285.4
Subtotal.....	598.7	395.1	223.0	618.1	313.8	177.3	491.1	674.0
Meals & Rooms Tax.....	209.8	206.7	7.6	214.3	203.6	6.1	209.7	230.0
Tobacco Tax.....	143.6	57.1	109.3	166.4	59.3	128.8	188.1	194.9
Liquor Sales and Distribution.....	124.7	133.1		133.1	146.0		146.0	153.6
Interest & Dividends Tax.....	108.1	118.7		118.7	97.1		97.1	126.0
Insurance Tax.....	97.9	95.9		95.9	94.2		94.2	98.3
Communications Tax.....	73.0	80.9		80.9	80.3		80.3	82.9
Real Estate Transfer Tax.....	137.4	77.7	38.6	116.3	53.5	27.7	81.2	145.6
Estate and Legacy Tax.....	0.6	0.2		0.2	-		-	-
Transfers from Lottery Commission.....	79.0	-	75.5	75.5		68.1	68.1	87.8
Transfers from Pari-Mutuel Commission...	1.5		1.5	1.5		1.5	1.5	1.5
Tobacco Settlement.....	40.8	8.4	40.0	48.4	12.8	40.0	52.8	49.3
Utility Property Tax.....	21.8		24.2	24.2		29.0	29.0	23.6
Property Tax Retained Locally.....	363.3		363.1	363.1		363.7	363.7	363.0
Other.....	191.8	196.9		196.9	193.3		193.3	180.8
Subtotal.....	2,192.0	1,370.7	882.8	2,253.5	1,253.9	842.2	2,096.1	2,411.3
Net Medicaid Enhancement	-							
Revenues.....	83.3	93.1		93.1	99.6		99.6	91.8
Recoveries.....	15.9	20.1		20.1	21.8		21.8	14.6
Subtotal.....	2,291.2	1,483.9	882.8	2,366.7	1,375.3	842.2	2,217.5	2,517.7
Total.....	\$ 2,291.2	\$ 1,483.9	\$ 882.8	\$ 2,366.7	\$ 1,375.3	\$ 842.2	\$ 2,217.5	\$ 2,517.7

Unrestricted revenue for the General and Education Funds for fiscal year 2009 totaled \$2,217.5 million which included \$15.1 million of revenue related to Executive Orders 2008-9 and 2008-10. Before additional executive order revenue, fiscal 2009 revenue was below the revised plan by \$315.3 million or 12.5% and \$164.3 million or 6.9% below the prior year. This revenue shortfall was driven primarily from Business Taxes, Real Estate Transfer Tax, and Interest and Dividends Tax, which were heavily impacted by the ongoing recessionary environment.

- Business Taxes (BPT & BET) totaled \$491.1 million for the year, which were \$182.9 million (27.1%) short of plan and \$127.0 million (20.5%) below the prior year.
- Real Estate Transfer Tax (RET) receipts totaling \$81.2 million were below the plan by \$64.4 million (44.2%) and below prior year by \$35.1 million (30.2%).
- Interest and Dividends (I&D) collections totaled \$97.1 million for the year, which were below the plan by \$28.9 million (22.9%) and below prior year by \$21.6 million (18.2%).

Reflecting the impact that the recession is having on discretionary spending, the Meals and Rooms Tax (M&R), Lottery Transfers and Liquor Sales were all below revised plan for the year.

M&R totaled \$209.7 million and were \$20.3 million (8.8%) short of plan and \$4.6 million (2.1%) below prior year. Lottery transfers were \$68.1 million or \$19.7 million (22.4%) short of plan and \$7.4 million (9.8%) below the prior year. Liquor sales totaled \$146.0 million or \$7.6 million (4.9%) below revised plan but were \$12.9 million (9.7%) above the prior year.

Budgetary Process

The state budget is prepared on a biennial basis. Prior to the start of each biennium, all departments of the state are required by law to transmit to the commissioner of the Department of Administrative Services requests for capital and operating expenses and estimates for revenue for the ensuing biennium. Following public hearings and consultation with various department heads, the Governor prepares a recommended budget. The budget is forwarded to the Legislature by February 15th of the odd year for consideration. The Legislature performs its review of the proposed budget and can make further adjustments. The budget passed by the Legislature is forwarded to the Governor to be enacted into law or to be vetoed.

The legal level of budgetary control is at the department level. All departments are authorized to transfer appropriations within their departments with prior approval from the Legislative Fiscal Committee and the Executive Council.

Internal Controls

Major fiscal responsibilities within the state are segregated among the following officials:

- **Department of Administrative Services** - The commissioner of Administrative Services, the assistant commissioner/budget officer and the comptroller are responsible for enforcing financial policy guidelines, developing the executive budget, collecting financial data from individual agencies, developing and reviewing appropriation control procedures, and compiling agency financial information.

- **Legislative Budget Assistant (LBA)** - The LBA, appointed by the Fiscal Committee, is responsible for ensuring that an annual audit is conducted of the state's basic financial statements prepared by the Department of Administrative Services. The LBA also provides staff assistance to the finance committees of the state Legislature. The LBA Audit Division performs various financial, compliance, and performance audits of state agencies.

- **State Treasurer** - The state treasurer, elected by the Legislature, is responsible for executing policy for the management of the state treasury and depositing and investing state funds as well as the issuing of general obligation and revenue bonds.

- **State Agencies** - Agency commissioners and directors are responsible for administering their agencies, in accordance with legislative and executive directives, to effectively service the citizens of the state.

Through the fiscal year 2009, financial transactions for the various state agencies were recorded in the New Hampshire Integrated Financial System (NHIFS). The state's centralized accounting system and other accounting procedures were designed to provide various controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use and the proper recording of financial transactions. The Department of Administrative Services prepared the Internal Controls Tool Kit to further educate agency personnel in the importance of maintaining an effective internal control structure.

Cash and Investments

Cash deposits into the state treasury are coordinated jointly by the state treasurer and the state agencies. Cash is managed in pooled investment funds in order to maximize interest earnings. Investments are made in accordance with state statutes and treasury's investment policy. Cash is primarily invested in money market accounts, repurchase agreements, certificates of deposit and United States Treasury and agency obligations. For the fiscal year ended June 30, 2009, the average daily balance of all pooled investment funds was estimated at \$320.7 million, with an average yield of .87%. Total investment income was \$4.5 million for the year.

Insurance

Historically, the state has assumed the risk for fire, property, and general liability purposes, except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial to the general public. Commercial insurance is purchased by the state to cover such things as fleet automobile, watercraft and aircraft liability, ski area operations to protect the state from liabilities resulting from the state run facility, and a faithful performance position schedule bond to protect against dishonest acts of employees. Effective May 1, 2000, commercial insurance was purchased to cover state owned buildings in the event of a catastrophic loss.

Prior to July 1985, the state relied on the doctrine of sovereign immunity. Subsequently, legislation became effective creating the statute "Claims Against the State" in which sovereign immunity was waived to certain limits and would allow certain types of actions and claims to be brought against the state. The limits set by the statute are the basis for risk management programs.

Audits

Pursuant to RSA 21-I:8,II, (a), the Legislative Budget Assistant may designate a certified public accountant not employed in state service to conduct an annual audit, in accordance with Generally Accepted Auditing Standards, of the state's basic financial statements. KPMG LLP, the designated certified public accountant, has performed an independent audit of the state's basic financial statements for the fiscal year ended June 30, 2009.

In order to comply with the Single Audit Act of 1984, the Legislative Budget Assistant also contracts for a single audit of the state as a whole, which will include a legal compliance report on all federal funds received by the state. This report (including a Schedule of Expenditures of Federal Awards received by the state and comments on internal accounting controls and compliance with laws, rules and regulations) will be published separately.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of New Hampshire for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to substantially meet the Certificate of Achievement Program's requirements.

Annual Report to the Citizens

Again in fiscal year 2009, the Department of Administrative Services published the *Annual Report to the Citizens*. That report presents a condensed version of the financial information contained in the CAFR, as well as an overview of state operations and other nonfinancial data. A copy of the report may be obtained from the Department of Administrative Services, 25 Capitol St. Rm 310, Concord NH 03301, or from the department's web site at <http://admin.state.nh.us/accounting>.

Acknowledgements

In submitting this report, I acknowledge the cooperation and assistance of all the state agencies and the dedication of the employees of the Department of Administrative Services.

Respectfully submitted,



Linda M. Hodgdon, Commissioner

***Certificate of Achievement
For Excellence in
Financial Reporting***

Presented to

State of New Hampshire

*For its Comprehensive Annual Financial Report
for the Fiscal Year Ended*

June 30, 2008

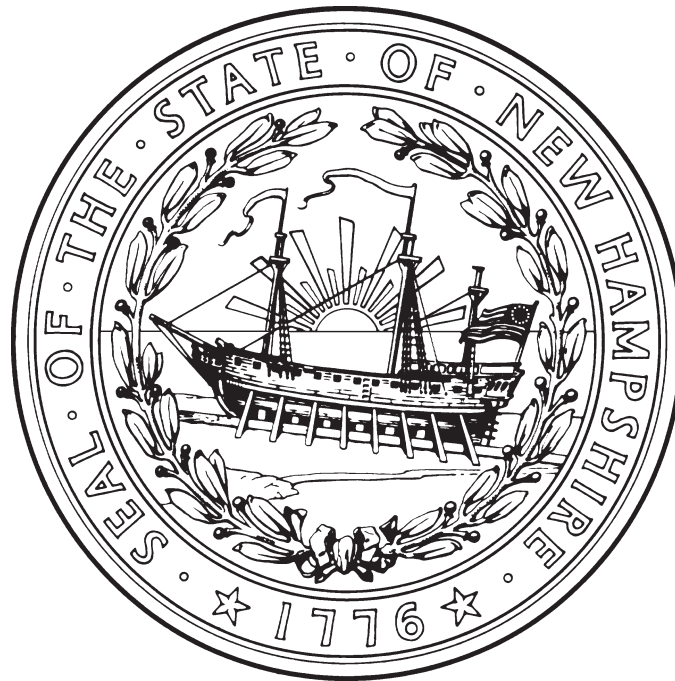
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section





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INDEPENDENT AUDITORS' REPORT

To the Fiscal Committee of the General Court
State of New Hampshire
Concord, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire as of and for the year ended June 30, 2009, which collectively comprise the State of New Hampshire's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of New Hampshire's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Investment Trust Fund and Judicial Retirement Plan, which represent 5.2% of the assets of the aggregate remaining fund information, or the University System of New Hampshire, the Business Finance Authority, the Pease Development Authority, and the Community Development Finance Authority, which represent 97.5% of the assets of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to those amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of New Hampshire's internal control over financial reporting. Accordingly, we express no such opinion. The financial statements of the Investment Trust Fund were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.



To the Fiscal Committee of the General Court
State of New Hampshire

As described in note 1(u), the State of New Hampshire, in 2009, implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010, on our consideration of the State of New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 16 through 22, the budget to actual - budgetary basis - schedules on pages 76 through 81, and the schedules of funding progress and schedule of employer contributions on page 82 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Hampshire's basic financial statements. The introductory section, the other supplementary information and the statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

January 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following is a discussion and analysis of the financial activities of the State of New Hampshire (the state) for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal, which can be found at the front of this report and with the state's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS –PRIMARY GOVERNMENT

Government-Wide Highlights:

Net Assets: The total assets of the state exceeded total liabilities at fiscal year ending June 30, 2009 by \$2.5 billion. This amount is presented as "Total Net Assets" on the Statement of Net Assets for the Total Primary Government (condensed information can be seen later in the MD&A section of this report). Of this amount, \$44.5 million was reported as unrestricted net assets, \$441.9 million was restricted net assets, and \$2.0 billion was invested in capital assets. Unrestricted net assets represent the amount available to be used to meet the state's ongoing obligations to citizens and creditors.

Changes in Net Assets: The state's total net assets decreased by \$347.1 million, or 12.1%, in fiscal year 2009. Net assets of governmental activities decreased by \$263.9 million (11.7%), and net assets of the business-type activities showed a decrease of \$83.2 million (13.5%).

Non-Current Liabilities: The state's total non-current liabilities increased by \$191.2 million (17.1%) during the current fiscal year. Long-term bonded debt increased \$55.1 million or 6.1% as new issuances exceeded payments of outstanding debt. In addition, an additional \$133.6 million long-term liability was recorded for other postemployment health benefits in accordance with governmental accounting standards.

Fund Highlights:

Governmental Funds - Fund Balances: As of the close of fiscal year 2009, the state's governmental funds reported a combined ending fund balance of \$274.4 million, a decrease of \$107.8 million from the prior year. This change is inclusive of a \$3.0 million inventory reserve increase. Included in the combined governmental fund balance is the activity of the state's General Fund. The General Fund ended the year with an unreserved, undesignated deficit of \$79.7 million, which was covered by a transfer from the Rainy Day Fund, bringing the Rainy Day balance down to \$9.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the state's basic financial statements. The state's basic financial statements include three components:

1. Government-Wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad view of the state's finances. These statements (Statement of Net Assets and the Statement of Activities) provide both short-term and long-term information about the state's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

The **Statement of Net Assets**, beginning on page 24 presents all of the state's non-fiduciary assets and liabilities. The difference between assets and liabilities is reported as "net assets" instead of fund equity as shown on the Fund Statements. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the state is improving or deteriorating.

The **Statement of Activities**, beginning on page 26, presents information showing how the state's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and licenses and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the state.

Both of the Government-Wide Financial Statements have separate sections for three different types of state activities. These three types of activities are:

Governmental Activities: The activities in this section represent most of the state's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the state include general government, administration of justice and public protection, resource protection and development, transportation, health and social services, and education.

Business-Type Activities: These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the state include the operations of the:

- Liquor Commission,
- Lottery Commission,
- Turnpike System, and
- New Hampshire Unemployment Compensation Trust Fund.

Discretely Presented Component Units: Component Units are entities that are legally separate from the state, but for which the state is financially accountable. The state's discretely presented component units are presented in the aggregate in these Government-Wide Statements and include the:

- University System of New Hampshire (USNH),
- Business Finance Authority,
- Community Development Finance Authority,
- Pease Development Authority, and
- Community College System of New Hampshire.

Except for the Community College System of New Hampshire, complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the state's component units are presented in the notes to the financial statements.

Fund Financial Statements

A fund is a grouping of related funds that is used to maintain control over resources that have been segregated for specific activities or objectives. The state, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements, focus on the individual parts of the state government, and report the state's operations in more detail than the government-wide statements. The state's funds are divided into 3 categories – governmental, proprietary and fiduciary. For governmental and proprietary funds, only those funds that are considered Major Funds are reported in individual columns in the Fund Financial Statements with combining schedules in the other supplementary information section to support the Non-Major Funds column. Fiduciary funds are reported by fiduciary type (pension, private-purpose, investment trust, and agency) with combining schedules in the Supplementary Section.

Governmental Funds: Most of the basic services provided by the state are financed through governmental funds. Unlike the Government-Wide Financial Statements, the Governmental Fund Financial Statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the state's programs. The basic Governmental Fund Financial Statements can be found on pages 30 and 32.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented here with similar information presented in the Government-Wide Financial Statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements, which can be found on pages 31 and 33.

The state's major governmental funds include the General Fund, Highway Fund, and Education Fund.

Individual fund data for each of the state's non-major governmental funds (Fish and Game Fund, Capital Fund and Permanent Funds) are provided in the combining statements found on pages 88 and 89.

Proprietary Funds: The state's proprietary funds charge a user fee for the goods and services they provide to both the general public and other agencies within the state. These activities are reported in 4 enterprise funds and 1 internal service fund. The enterprise funds, which are all considered major funds, report activities that provide goods and services to the general public and include the operations of the Liquor Commission, Lottery Commission, Turnpike System and the New Hampshire Unemployment Trust Fund. The Internal Service Fund reports health related fringe benefit services for the state's programs and activities.

Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements. The Internal Service Fund is reported within governmental activities on the Government-Wide Financial Statements. The basic proprietary funds financial statements can be found on pages 36-38.

Fiduciary Funds and Similar Component Units: These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of these funds are not available to support the state's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the accrual basis of accounting.

The state's fiduciary funds on pages 40-41 include the:

- **Pension Trust Fund** which accounts for the activity of the state's New Hampshire Retirement System and the Judicial Retirement Plan - component units of the state,
- **Investment Trust Fund** which accounts for the activity of the external investment pool known as PDIP,
- **Private-Purpose Trust Funds** which account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments, and
- **Agency Funds** which account for the resources held in a pure custodial capacity.

Individual fund detail can be found in the combining financial statements in the Other Supplementary Information Section.

Major Component Unit

The state has only one major discretely presented component unit - the University System of New Hampshire and 4 non-major discretely presented component units. This separation is determined by the relative size of the individual entities' assets, liabilities, revenues and expenses in relation to the combined total of all component units. The combining financial statements for the component units can be found on pages 43 and 44.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements begin on page 46.

Required Supplementary Information

In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for each of the state's major governmental funds, and includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, schedules on the funded status and employer contributions are presented for the state's Other Postemployment Benefit Plan and the Judicial Retirement Plan.

Other Supplementary Information

Other supplementary information includes combining financial statements and schedules for governmental, internal service and fiduciary funds and non-major component units.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The state's combined net assets (government and business-type activities) totaled \$2.5 billion at the end of 2009, compared to \$2.9 billion at the end of the previous year.

Investment in Capital Assets: The largest portion of the state's net assets (81%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any related outstanding debt used to acquire those assets. The state's investment in capital assets increased \$46.8 million from prior year. This increase was the result of a net increase in capital assets of \$110.7 million during the year combined with an increase in capital related debt of \$63.9 million. Although the state's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

Restricted Net Assets: An additional portion of the state's net assets (18%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets decreased \$189.5 million from prior year due largely to a decrease in unemployment compensation benefit reserves of \$114.5 million along with a reduction in revenue stabilization (Rainy Day) reserves during the year.

Unrestricted Net Assets: The state's unrestricted net assets, totaling \$44.5 million, decreased \$204.3 million from the previous year, due largely to weak performance from business taxes and real estate transfer taxes and the recognition of other postemployment benefit liabilities in accordance with governmental accounting standards. These assets may be used to meet the state's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets. At the end of both the current and prior fiscal years, the state was able to report positive balances in all three categories of net assets, both for the primary government as a whole, as well as for its separate governmental and business-type activities.

Comparative Net Assets as of June 30, 2009 and 2008						
(In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 889,803	\$ 1,064,429	\$ 280,391	\$ 377,211	\$ 1,170,194	\$1,441,640
Capital assets	2,468,371	2,368,452	584,236	573,495	3,052,607	2,941,947
Other assets	283,467	285,104	6,849	6,871	290,316	291,975
Total assets	3,641,641	\$3,717,985	871,476	957,577	4,513,117	\$4,675,562
Noncurrent liabilities (1)	1,072,133	867,253	240,427	254,113	1,312,560	1,121,366
Current liabilities (1)	579,205	596,489	97,880	87,118	677,085	683,607
Total liabilities	1,651,338	1,463,742	338,307	341,231	1,989,645	1,804,973
Net assets:						
Invested in capital assets,						
net of related debt	1,695,688	1,674,011	341,422	316,330	2,037,110	1,990,341
Restricted	291,513	366,662	150,387	264,782	441,900	631,444
Unrestricted (1)	3,102	213,570	41,360	35,234	44,462	248,804
Total net assets	\$ 1,990,303	\$ 2,254,243	\$ 533,169	\$ 616,346	\$ 2,523,472	\$ 2,870,589

(1) Note - Prior year amounts have been restated due to provisions of GASB 49. See Footnote 1.U in the Notes to Basic Financial Statements.

Changes in Net Assets

The state's net assets decreased by \$347.1 million, or 12.1%, during the current fiscal year. Total revenues increased by \$199.1 million (3.7%) as compared to increases in expenses of \$445.2 million (8.2%).

More than half of the state's revenue (64.4%) is from program revenue, consisting of charges for goods and services, and federal and local grants. Revenues not specifically targeted for a specific program are known as general revenues, which are primarily from taxes. The largest revenue increases were from a combination of growth in tobacco taxes and increases in federal health and social service grants.

The state's expenses cover a range of services. The largest expenses were for Health and Social Services and Education, which accounted for 33.7% and 22.9% of total expenses, respectively. As compared to the prior year, Health and Social Services saw an increase of 5.4% due to additional federal Medicaid funding.

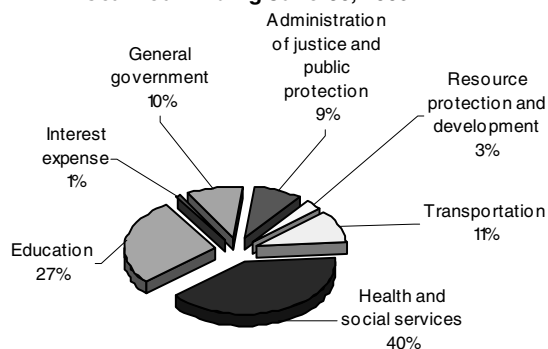
In addition, program funding from the American Recovery and Reinvestment Act of 2009 and expenses related to retiree health and postemployment benefits contributed to General Government, Justice and Public Protection and Transportation growing by 17.9%, 4.3% and 17.0%, respectively.

Comparative Changes in Net Assets
For Fiscal Years Ending June 30, 2009 and 2008
(In Thousands)

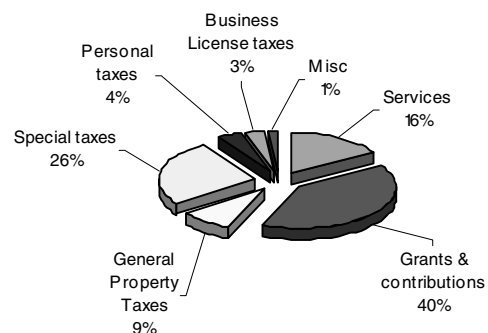
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 717,926	\$ 666,819	\$ 1,024,858	\$ 927,588	\$ 1,742,784	\$ 1,594,407
Operating grants & contributions	1,599,262	1,424,014			1,599,262	1,424,014
Capital grants & contributions	208,309	194,637	3,952	8,816	212,261	203,453
General revenues:						
General Property Taxes	395,151	387,952			395,151	387,952
Special taxes	1,167,226	1,329,137			1,167,226	1,329,137
Personal taxes	188,038	166,288			188,038	166,288
Business License taxes	145,973	151,321			145,973	151,321
Interest	15,291	18,169			15,291	18,169
Miscellaneous	56,174	48,314			56,174	48,314
Total revenues	<u>4,493,350</u>	<u>4,386,651</u>	<u>1,028,810</u>	<u>936,404</u>	<u>5,522,160</u>	<u>5,323,055</u>
Expenses						
General government	495,720	420,367			495,720	420,367
Administration of justice and public protection	438,273	420,120			438,273	420,120
Resource protection and development	139,574	138,215			139,574	138,215
Transportation	518,415	443,258			518,415	443,258
Health and social services	1,980,286	1,877,924			1,980,286	1,877,924
Education	1,346,221	1,343,253			1,346,221	1,343,253
Interest Expense	31,546	26,115			31,546	26,115
Turnpike System			80,433	80,411	80,433	80,411
Liquor Commission			385,794	367,847	385,794	367,847
Lottery Commission			172,630	186,906	172,630	186,906
Unemployment Compensation			280,385	119,645	280,385	119,645
Total expenses	<u>4,950,035</u>	<u>4,669,252</u>	<u>919,242</u>	<u>754,809</u>	<u>5,869,277</u>	<u>5,424,061</u>
Increase (decrease) in net assets before transfers	(456,685)	(282,601)	109,568	181,595	(347,117)	(101,006)
Transfers & Other Items	192,745	188,496	(192,745)	(188,602)		(106)
Decrease in net assets	(263,940)	(94,105)	(83,177)	(7,007)	(347,117)	(101,112)
Net assets, beginning of year, as restated	2,254,243	2,348,348	616,346	623,353	2,870,589	2,971,701
Net assets, end of year (1)	<u>\$ 1,990,303</u>	<u>\$ 2,254,243</u>	<u>\$ 533,169</u>	<u>\$ 616,346</u>	<u>\$ 2,523,472</u>	<u>\$ 2,870,589</u>

(1) Note - Prior year amounts have been restated due to provisions of GASB 49. See Footnote 1.U in the Notes to Basic Financial Statements.

Governmental Activities - Expenses
Fiscal Year Ending June 30, 2009



Governmental Activities - Revenues
Fiscal Year Ending June 30, 2009

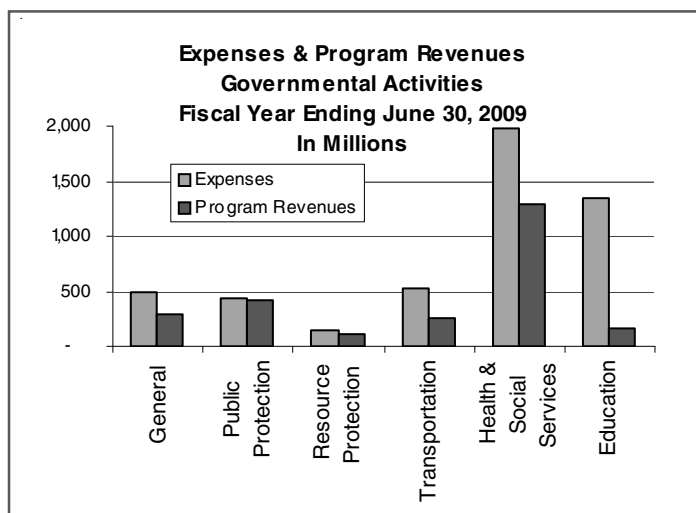


Analysis of Changes in Revenues and Expenses For Fiscal Year Ending June 30, 2009 Compared to 2008 (\$ In Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	\$Change	% Change	\$Change	% Change	\$Change	% Change
Revenues						
Program revenues:						
Charges for services	51.1	7.7%	97.3	10.5%	148.4	9.3%
Operating grants & contribution	175.2	12.3%			175.2	12.3%
Capital grants & contributions	13.7	7.0%	(4.9)	-55.2%	8.8	4.3%
General revenues:						
General Property Taxes	7.2	1.9%			7.2	1.9%
Special taxes	(161.9)	-12.2%			(161.9)	-12.2%
Personal taxes	21.8	13.1%			21.8	13.1%
Business License taxes	(5.3)	-3.5%			(5.3)	-3.5%
Interest	(2.9)	-15.8%			(2.9)	-15.8%
Miscellaneous	7.9	16.3%			7.9	16.3%
Total revenues	106.7	2.4%	92.4	9.9%	199.1	3.7%
Expenses						
General government	75.4	17.9%			75.4	17.9%
Administration of justice and public protection	18.2	4.3%			18.2	4.3%
Resource protection and development	1.4	1.0%			1.4	1.0%
Transportation	75.2	17.0%			75.2	17.0%
Health and social services	102.4	5.5%			102.4	5.5%
Education	3.0	0.2%			3.0	0.2%
Interest Expense	5.4	20.8%			5.4	20.8%
Turnpike System			0.0	0.0%	0.0	0.0%
Liquor Commission			17.9	4.9%	17.9	4.9%
Lottery Commission			(14.3)	-7.6%	(14.3)	-7.6%
Unemployment Compensation			160.7	134.3%	160.7	134.3%
Total expenses	280.8	6.0%	164.4	21.8%	445.2	8.2%

Governmental Activities

Governmental activities decreased the state's net assets by \$456.7 million, before transfers and other items. Revenues increased by \$106.7 million or 2.4% from prior year to total \$4.5 billion. The growth was not sufficient to offset expenses which grew \$280.8 million or 6.0%.

A comparison of the cost of services by function for the state's governmental activities with the related program revenues is shown in the chart below. Note that the largest expenses for the state, Health and Social Services and Education, also represent those activities that have the largest gap between expense and program revenues. Since these expenses are least recovered from program revenues, the differences are made up from general revenues, which primarily represent state's taxes, such as the statewide property taxes, business profits tax, business enterprise tax, real estate transfer, tobacco, meals and rooms, interest and dividends, etc. Health and Social Services increased by 5.5% from the previous year, while Education expenses grew slightly by approximately 0.2%.



Business-Type Activities

Charges for goods and services for the state's combined business type activities were more than adequate to cover the operating expenses and resulted in net assets increasing by \$109.6 million prior to transfers. Business-Type activities include the operations from the Liquor Commission, Lottery Commission, Unemployment Compensation Fund, Turnpike Fund and Joint Underwriting Association.

Sales growth from the operations of the Liquor Commission resulted in net income of \$121.7 million, a 9.0% increase from prior year, all of which was transferred to the General Fund to fund the general operations of the state. A decline in lottery ticket sales during the year contributed to a \$71.1 million or 7.7% decrease in net income from the Lottery Commission which was transferred to the Education Fund.

Turnpike System net assets increased by \$31.1 million or 8.2% as a result of growth in toll revenues primarily due to toll rate increases implemented during the year. The operations of Unemployment Compensation, resulted in a decrease in net assets of \$114.5 million as a result of the weakening economy leading to higher unemployment benefit payments this fiscal year.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the state uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the state's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the state's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

The general fund is the chief operating fund of the state. The total fund equity was \$291.9 million. The general fund ended the year with a unreserved, undesignated deficit, before any transfers, of \$79.7 million which represents a \$96.9 million decrease from the prior year. This decrease can be attributed to the effects of the deteriorating economy and tax revenues falling short of estimates. A transfer from the state's Rainy Day Fund was made to cover the general fund unreserved undesignated deficit.

Education Fund

The education fund, before year end transfers, had a deficit of \$52.9 million. The general fund made a transfer of surplus to bring the education fund balance to zero at June 30. The deficit can be attributed to revenue shortfalls.

Highway Fund

The highway fund ended the year with an unreserved, undesignated deficit of \$54.9 million, which represents a \$27.4 million decrease from the prior year. This decrease can be attributed to growth in expenditures for highway maintenance and emergency related activity, combined with flat revenue growth. See "Footnote 14 Highway" in the Notes to the Basic Financial Statements.

Proprietary Funds

The state's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements.

BUDGETARY HIGHLIGHTS

During the fiscal year, the original budget was amended by various supplemental appropriations and appropriation revisions. Budget to Actual Schedules for the major governmental funds are in the Required Supplementary Information section beginning on page 76.

General Fund:

The increase from the original budget of \$4,096 million to the final budget of \$4,402 million is \$306 million and represents additional appropriations issued after July 1, 2008 and are composed of the following (*in millions*):

• Dept. of Health and Human Services	
ARRA Stimulus Funds	\$73
Provider Payments	17
Vaccines & Emergency Preparedness	10
• Dept. of Environmental Services	
ARRA Stimulus Funds	60
Cleanup at CERCLA Sites	5
• Dept. of Safety	
Disaster Relief Assistance	44
Public Safety Grants	7
• Office of Energy & Planning	
LIHEAP - Fuel Assistance & Weatherization	40
ARRA Stimulus Funds	2
• Dept. of Labor	
ARRA Stimulus Funds for	5
Workforce Opportunity Council	
• Dept. of Justice	
Criminal Justice Grants	4
• Dept. of Employment Security	
ARRA Stimulus Funds for	4
Re-employment training and operations	
• Other	35
	<u>\$ 306</u>

The largest negative variances from the final budget to actual amounts were for grant revenues. Grants from Federal, Private and Local Sources had a combined unfavorable variance of \$406 million. The unfavorable variances in grant revenues are due to timing differences that extend beyond the state's fiscal year and therefore revenue is not drawn down until expenditures are incurred.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The state's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to \$5.7 billion, with accumulated depreciation amounts of \$2.6 billion, leaving a net book value of \$3.1 billion, an increase of \$110.7 million from prior year. The investment in capital assets includes equipment, real property, infrastructure, computer software, and construction in progress. Infrastructure assets are items that are normally immovable, of value only to the state and include only roads and bridges. The net book value of the state's infrastructure for its roads and bridges approximates \$1.7 billion, which increased \$144.7 million from the previous year as current year additions of \$202.6 million exceeded depreciation of \$57.9 million.

Additional information on the state's capital assets can be found in Footnote 4 of the Notes to the Basic Financial Statements.

Debt Administration

The state may issue general obligation bonds, revenue bonds, and notes in anticipation of such bonds authorized by the Legislature and Governor and Council. The state may also directly guarantee certain authority or political subdivision obligations. At the end of the current fiscal year, the state had total bonded debt outstanding of \$1,055.6 million. Of this amount, \$811.5 million are general obligation bonds, which are backed by the full faith and credit of the state. The remainder of the state's bonded debt is Turnpike revenue bonds, which are secured by the specified revenue sources within the Turnpike System.

On November 4, 2008, the state issued \$149.6 million of general obligation capital improvement bonds. The interest rates on these serial bonds range from 4.0% to 5.0%, and the maturity dates range from 2010 through 2025.

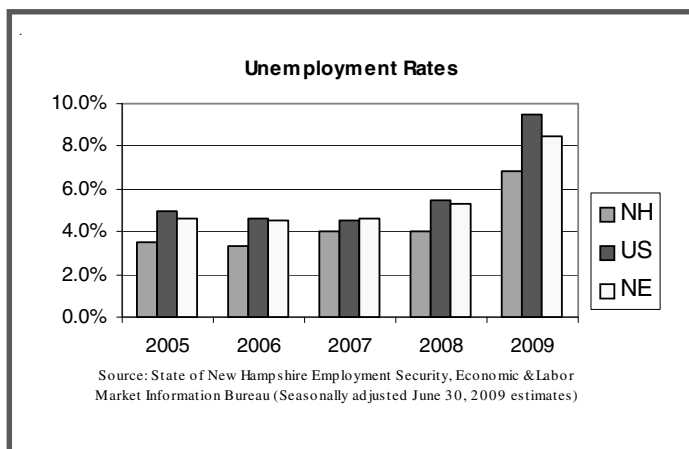
On March 11, 2009, the state issued \$29.8 million of general obligation refunding bonds. The maturity dates on these serial bonds range from 2009 through 2018. These bonds were used to refund \$29.2 million of outstanding bonds. The refunding resulted in \$1.65 million in savings on a cash basis, representing a 5.5% savings over the life of the issue as measured by a net present value basis.

The state does not have any debt limitations, except for contingent debt guarantees, which are detailed in the notes to the financial statements. Additional information on the state's long-term debt obligations can be found in Footnote 5 of the Notes to the Financial Statements.

Fitch Ratings and Standards & Poor's have assigned the state's bonds a rating of AA. Moody's Investors Service has assigned a rating for the state of Aa2.

ECONOMIC CONDITIONS AND OUTLOOK

Along with the nation and the region, the state's economy is in a recession with difficult challenges ahead. Due to a favorable tax climate for both business and the individual coupled with high quality of life and standard of living has made New Hampshire a competitive state. As a result, New Hampshire did not weaken as much as the region or the nation. The state's unemployment rate of 6.8% continues to be below the New England and national averages of 8.5% and 9.5%, respectively.



Current forecasts indicate that New Hampshire's recession is technically over, but any recovery will be slow through much, if not all of 2010. The state's fiscal 2010 revenue plan assumed some recovery in the second half of the year.

General and Education Fund revenues for the first five months of fiscal year 2010 were \$675.6 million, which were \$31.1 million (4.4%) below plan and \$17.4 million (2.6%) above prior year largely due to Tobacco Tax increases. Consistent with recessionary pressures, revenue sources from investment and consumer sectors are driving the underperformance in revenue from plan. The Interest and Dividends Tax was \$8.0 million (28.9%) below plan. Meals and Rooms Tax and real Estate Transfer Tax collections were \$10.9 million (8.9%) and \$4.2 million (9.5%) below plan, respectively. The Communications Tax is \$4.3 million (12.3%) below plan.

Going forward, the state will be monitoring revenue collections closely. The state will continue to manage spending and institute budget reductions and program savings initiatives where needed.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the state's finances for all of New Hampshire citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the state's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of New Hampshire, Department of Administrative Services, Division of Accounting Services, 25 Capitol Street, State House Annex Room 310, Concord, NH 03301.

Basic Financial Statements

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STATE OF NEW HAMPSHIRE
STATEMENT OF NET ASSETS
JUNE 30, 2009
(Expressed in Thousands)

ASSETS

Current Assets:

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
Cash and Cash Equivalents	\$ 267,061	\$ 151,586	\$ 418,647	\$ 238,951
Cash and Cash Equivalents-Restricted.....		40,489	40,489	990
Receivables (Net of Allowances for Uncollectibles).....	616,964	38,330	655,294	48,200
Other Receivables-Restricted.....				2,900
Internal Balances.....	(12,576)	12,576		
Due from Primary Government.....				10,265
Due from Component Units.....	2,606		2,606	
Inventories.....	15,748	32,052	47,800	
Investments.....		5,000	5,000	
Other Current Assets.....		358	358	6,595
Total Current Assets.....	889,803	280,391	1,170,194	307,901

Noncurrent Assets:

Receivables (Net of Allowances for Uncollectibles).....	258,547		258,547	31,930
Due from Component Units.....	8,784		8,784	
Investments.....	16,136		16,136	305,190
Bond Issue Costs.....		2,884	2,884	
Other Assets.....		3,965	3,965	3,774
Capital Assets:				
Land & Land Improvements.....	590,159	110,760	700,919	14,779
Buildings & Building Improvements.....	713,618	25,156	738,774	1,356,409
Equipment & Computer Software.....	268,997	42,555	311,552	134,653
Construction in Progress.....	187,582	35,070	222,652	114,681
Infrastructure.....	3,048,728	630,309	3,679,037	
Less: Allowance for Depreciation	(2,340,713)	(259,614)	(2,600,327)	(605,876)
Net Capital Assets.....	2,468,371	584,236	3,052,607	1,014,646
Total Noncurrent Assets.....	2,751,838	591,085	3,342,923	1,355,540
Total Assets.....	3,641,641	871,476	4,513,117	1,663,441

LIABILITIES

Current Liabilities:

Accounts Payable.....	249,044	50,581	299,625	46,479
Accrued Payroll.....	40,583	2,536	43,119	4,339
Due to Primary Government.....				2,606
Due to Component Units.....	10,265		10,265	
Unearned Revenue.....	68,153	10,080	78,233	42,108
Unclaimed Property & Prizes.....	11,753	400	12,153	
General Obligation Bonds Payable.....	85,123	624	85,747	
Claims & Compensated Absences Payable	47,250	1,552	48,802	12,219
Other Postemployment Benefits Payable.....	59,955		59,955	5,170
Other Liabilities.....	7,079	14,971	22,050	5,231
Other Liabilities-Restricted.....		3,636	3,636	1,883
Revenue Bonds Payable-Restricted.....		13,500	13,500	
Revenue Bonds Payable.....				72,697
Total Current Liabilities.....	579,205	97,880	677,085	192,732

STATE OF NEW HAMPSHIRE
STATEMENT OF NET ASSETS
JUNE 30, 2009
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES - CONTINUED				
Noncurrent Liabilities:				
General Obligation Bonds Payable, Net	725,110	677	725,787	
Revenue Bonds Payable, Net		230,532	230,532	403,788
Claims & Compensated Absences Payable	81,859	5,981	87,840	30,900
Other Postemployment Benefits Payable.....	235,286		235,286	42,030
Due to Primary Government.....				8,784
Other Noncurrent Liabilities	29,878	3,237	33,115	60,493
Total Noncurrent Liabilities	1,072,133	240,427	1,312,560	545,995
Total Liabilities	\$ 1,651,338	\$ 338,307	\$ 1,989,645	\$ 738,727
NET ASSETS				
Invested in Capital Assets, net of related debt.....	\$ 1,695,688	\$ 341,422	\$ 2,037,110	\$ 547,611
Restricted for Debt Repayments		40,489	40,489	
Restricted for Unemployment Benefits		105,933	105,933	
Restricted for Permanent Funds-Non-Expendable.....	13,648		13,648	
Restricted for Prize Awards - MUSL & Tri-State.....		3,965	3,965	
Restricted for Environmental Loans.....	268,553		268,553	
Restricted for Revenue Stabilization.....	9,312		9,312	
Restricted Component Unit Net Assets				243,754
Unrestricted Net Assets	3,102	41,360	44,462	133,349
Total Net Assets	\$ 1,990,303	\$ 533,169	\$ 2,523,472	\$ 924,714

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STATE OF NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General Government.....	\$ 495,720	\$ 208,219	\$ 81,863	
Administration of Justice & Public Protection.....	438,273	315,081	110,975	\$ 33
Resource Protection and Development.....	139,574	64,216	44,224	
Transportation.....	518,415	33,249	11,021	203,531
Health and Social Services.....	1,980,286	98,491	1,184,017	
Education.....	1,346,221	(1,330)	167,162	4,745
Interest Expense.....	31,546			
Total Governmental Activities.....	4,950,035	717,926	1,599,262	208,309
Business-type Activities:				
Turnpike System.....	80,433	107,593		3,952
Liquor Commission.....	385,794	507,479		
Lottery Commission.....	172,630	243,890		
Unemployment Compensation.....	280,385	165,896		
Total Business-type Activities.....	919,242	1,024,858		3,952
Total Primary Government.....	\$ 5,869,277	\$ 1,742,784	\$ 1,599,262	\$ 212,261
COMPONENT UNITS				
University System of New Hampshire.....	\$ 688,510	\$ 446,928	\$ 56,768	\$ 24,330
Non-Major Component Units.....	130,960	66,405	34,302	
Total Component Units.....	\$ 819,470	\$ 513,333	\$ 91,070	\$ 24,330

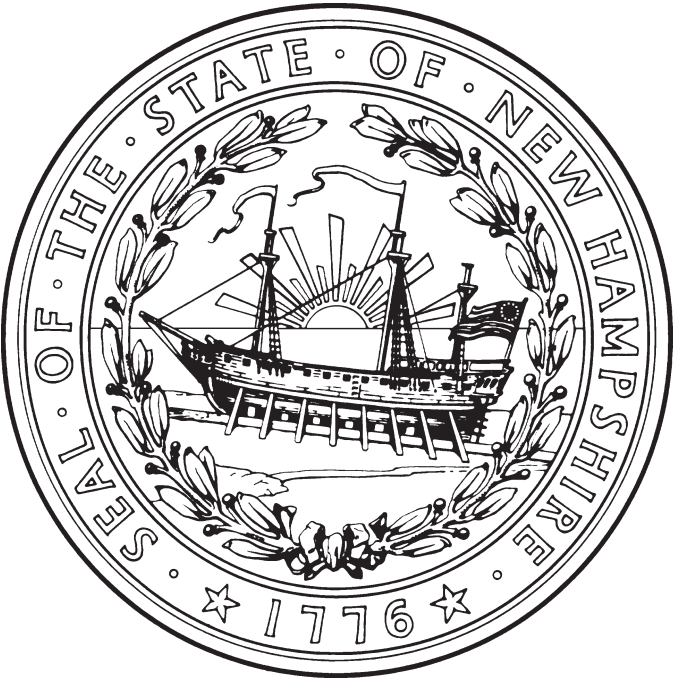
General Revenues:

General Property Taxes.....	
Special Taxes.....	
Personal Taxes.....	
Business License Taxes.....	
Interest & Investment Income.....	
Miscellaneous.....	
Payments from State of New Hampshire.....	
Transfers - Internal Activities.....	
Total General Revenues and Transfers.....	
Changes in Net Assets.....	
Net Assets - Beginning, As Restated	
Net Assets - Ending.....	

Net (Expenses) Revenues and Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (205,638)		\$ (205,638)	
(12,184)		(12,184)	
(31,134)		(31,134)	
(270,614)		(270,614)	
(697,778)		(697,778)	
(1,175,644)		(1,175,644)	
(31,546)		(31,546)	
(2,424,538)		(2,424,538)	
	\$ 31,112	31,112	
	121,685	121,685	
	71,260	71,260	
	(114,489)	(114,489)	
	109,568	109,568	
\$ (2,424,538)	\$ 109,568	\$ (2,314,970)	
			\$ (160,484)
			(30,253)
			\$ (190,737)
395,151		395,151	
1,167,226		1,167,226	
188,038		188,038	
145,973		145,973	
15,291		15,291	13,406
56,174		56,174	
			182,725
192,745	(192,745)		
2,160,598	(192,745)	1,967,853	196,131
(263,940)	(83,177)	(347,117)	5,394
2,254,243	616,346	2,870,589	919,320
\$ 1,990,303	\$ 533,169	\$ 2,523,472	\$ 924,714

The notes to the financial statements are an integral part of this statement



Fund Financial Statements

Governmental Funds

General Fund: *The General Fund is the state's primary operating fund and accounts for all financial transactions not accounted for in any other fund.*

Highway Fund: *Under the state Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the state from motor vehicle registration fees, operators' licenses, gasoline road toll, or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within this state, including the supervision of traffic thereon and for the payment of the interest and principal of bonds issued for highway purposes. All such revenues, together with federal grants-in-aid and American Recovery and Reinvestment Act funds received by the state for highway purposes, are credited to the Highway Fund. While the principal and interest on state highway bonds are charged to the Highway Fund, the assets of this fund are not pledged to such bonds.*

Education Trust Fund: *The Education Trust Fund was established to distribute adequate education grants to school districts. Funding for the grants comes from a variety of sources, including the statewide property and utility taxes, incremental portions of existing business and tobacco taxes, sweepstakes funds, and tobacco settlement funds.*

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STATE OF NEW HAMPSHIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 216,507	\$ -	\$	\$ 14,810	\$ 231,317
Investments	7,314			8,822	16,136
Receivables (Net of Allow ances for Uncollectibles)....	463,251	53,593	78,126	2,995	597,965
Due from Other Funds	126,697	513			127,210
Due from Component Units.....	11,390				11,390
Inventories.....	6,103	8,928		717	15,748
Loans and Notes Receivables	277,476				277,476
Total Assets	<u>\$ 1,108,738</u>	<u>\$ 63,034</u>	<u>\$ 78,126</u>	<u>\$ 27,344</u>	<u>\$ 1,277,242</u>
LIABILITIES					
Accounts Payable.....	\$ 208,289	\$ 29,478	\$ 2,584	\$ 8,011	\$ 248,362
Accrued Payroll.....	35,193	4,669		721	40,583
Due to Other Funds	66,005	9,668	15,942	48,171	139,786
Due to Component Unit.....	10,265				10,265
Deferred Revenue	485,171	7,125	59,600		551,896
Unclaimed Property and Prizes.....	11,753				11,753
Other Liabilities.....	161				161
Total Liabilities.....	<u>816,837</u>	<u>50,940</u>	<u>78,126</u>	<u>56,903</u>	<u>1,002,806</u>
FUND BALANCES					
Reserved for Encumbrances.....	178,898	40,384		51,503	270,785
Reserved for Inventories.....	6,103	8,928		717	15,748
Reserved for Unexpended Appropriations.....	97,588	17,644		32,919	148,151
Reserved for Revenue Stabilization.....	9,312				9,312
Reserved for Permanent Trust				13,648	13,648
Unreserved, Undesignated (Deficit) (Note 14).....		(54,862)			(54,862)
Unreserved, Fish & Game Fund.....				4,581	4,581
Unreserved (Deficit), Capital Project Fund.....				(132,927)	(132,927)
Total Fund Balances.....	<u>291,901</u>	<u>12,094</u>		<u>(29,559)</u>	<u>274,436</u>
Total Liabilities and Fund Balances.....	<u>\$ 1,108,738</u>	<u>\$ 63,034</u>	<u>\$ 78,126</u>	<u>\$ 27,344</u>	<u>\$ 1,277,242</u>

The notes to the financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
RECONCILIATION OF THE BALANCE SHEET-
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009
(Expressed in Thousands)

Total fund balances for governmental funds	\$	274,436
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,468,371
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Certain tax revenues and loans are earned but not available and therefore are deferred in the funds:

Business Taxes, I&D, Meals & Rooms, and Utility Property	189,402	
Medicaid Hospital Reimbursements	4,435	
Highway Fund Federal and Municipal Billings	6,812	
Indigent Representation Advances	3,152	
SRF Loans	268,553	
Component Unit Loans	11,390	483,744

Internal service funds are used by management to charge the costs of certain activities, such as risk management and health related fringe benefits, to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets.		12,381
--	--	--------

Certain long term liabilities are not payable by current available resources and therefore are not reported in the funds:

Compensated Absences, Workers Compensation and Health Claims	(106,359)	
Other Postemployment Benefits	(295,241)	
Pollution Remediation Obligation	(29,183)	
Capital Lease Obligations	(4,038)	
Bond Payables	(810,233)	
Interest Payable	(3,575)	(1,248,629)

Net Assets of Governmental Activities	\$	<u>1,990,303</u>
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STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
General Property Taxes.....	\$ 330		\$ 392,621		\$ 392,951
Special Taxes.....	957,287		211,125		1,168,412
Personal Taxes.....	59,242		128,796		188,038
Business License Taxes.....	20,957	\$ 145,973			166,930
Non-Business License Taxes.....	93,743	81,343		\$ 8,888	183,974
Fees.....	134,910	19,504		1,114	155,528
Fines, Penalties and Interest.....	27,678	650	5	165	28,498
Grants from Federal Government.....	1,480,812	178,117		21,962	1,680,891
Grants from Private and Local Sources.....	154,155	5,146		1,064	160,365
Rents and Leases.....	1,419	155			1,574
Interest, Premiums and Discounts.....	19,022	130		622	19,774
Sale of Commodities.....	10,482	230		209	10,921
Sale of Service.....	62,305	14,180		4	76,489
Assessments.....	64,901				64,901
Grants from Other Agencies.....	8,500	5,380		4,250	18,130
Miscellaneous.....	106,112	11,309	40,000	529	157,950
Total Revenues.....	3,201,855	462,117	772,547	38,807	4,475,326
EXPENDITURES					
General Government.....	380,499		300		380,799
Administration of Justice and Public Protection.....	373,590	942			374,532
Resource Protection and Development.....	129,926			23,278	153,204
Transportation.....	14,676	437,533			452,209
Health and Social Services.....	1,944,401			721	1,945,122
Education.....	375,761		898,500		1,274,261
Debt Service.....	94,088	11,832		1,715	107,635
Capital Outlay.....	14,539	40,438		187,781	242,758
Total Expenditures.....	3,327,480	490,745	898,800	213,495	4,930,520
Deficiency of Revenues					
Under Expenditures.....	(125,625)	(28,628)	(126,253)	(174,688)	(455,194)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,565	1,750	52,938	2,205	58,458
Transfers in from Enterprise Funds.....	123,126		69,619		192,745
Transfers Out.....	(55,238)	(3,220)			(58,458)
Capital Lease Acquisition.....	296				296
Payments to Refunding Bond Escrow Agent.....				(30,255)	(30,255)
G.O. Bond Premiums.....				2,219	2,219
G.O. Bond Issuance.....				179,380	179,380
Total Other Financing Sources (Uses).....	69,749	(1,470)	122,557	153,549	344,385
Net Change in Fund Balances.....	(55,876)	(30,098)	(3,696)	(21,139)	(110,809)
Fund Balance (Deficit) - July 1	347,248	39,514	3,696	(8,224)	382,234
Change in Reserve for Inventory.....	529	2,678		(196)	3,011
Fund Balance (Deficit) - June 30.....	\$ 291,901	\$ 12,094	\$	\$ (29,559)	\$ 274,436

The notes to the financial statements are an integral part of this statement

**STATE OF NEW HAMPSHIRE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)**

Net change in fund balance - total governmental funds \$ (107,798)

Revenue recognized on the Statement of Activities that do not provide current financial resources on the fund statements resulted in a net decrease from prior year (55,804)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Land & Land Improvements	13,716	
Buildings & Building Improvements	28,194	
Equipment & Computer Software	20,159	
Construction in Progress	(74,773)	
Infrastructure	183,466	
Accumulated Depreciation, net of Disposals	<u>(70,843)</u>	99,919

Internal service funds are used by management to charge the costs of certain activities, such as risk management and health related fringe benefits, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. (12,424)

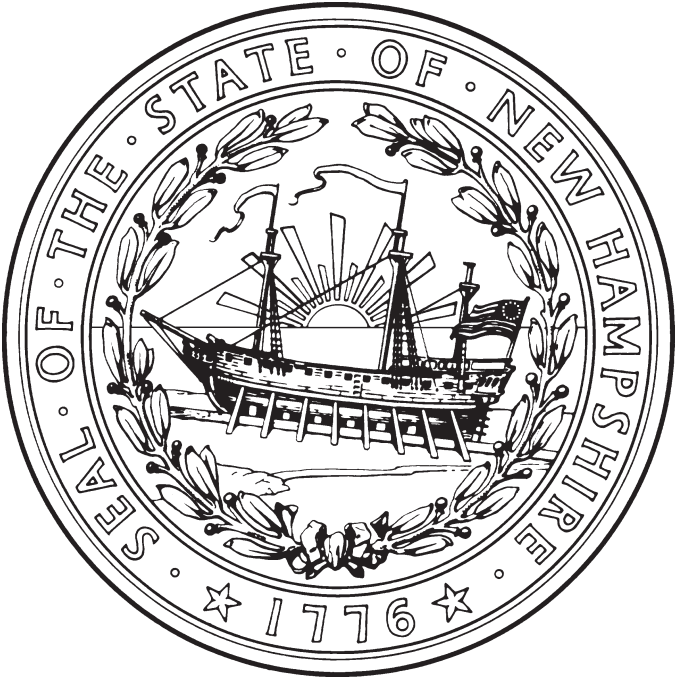
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.

Bond Proceeds & Premiums Received	(180,514)	
Repayment of Bond Principal & Interest	108,124	
Accretion of Bonds Payable	(3,814)	
Accrued Interest & Amortization	<u>949</u>	(75,255)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Elimination of the following expenses resulted in a net increase from prior year:

Changes in Compensated Absences, Workers Compensation and Health Claims	(5,541)	
Other Postemployment Benefits	(138,431)	
Pollution Remediation Obligation	4,009	
Change in Capital Lease Obligation	1,108	
SRF loan program	<u>26,277</u>	(112,578)

Change in net assets of governmental activities \$ (263,940)



Proprietary Fund Financial Statements

Enterprise Funds:

Turnpike System: The state constructs, maintains, and operates transportation toll facilities. The Turnpike System, presently consists of 93 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System. The Turnpike System comprises a total of approximately 631 total lane miles. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire. The Legislature has established a 10-year state highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program.

Liquor Commission: Receipts from operations of the Liquor Commission are transferred to the General Fund on a daily basis. The General Fund advances cash to the Liquor Commission for the purchase of liquor inventory. By statute, all liquor and beer sold in the state must be sold through a sales and distribution system operated by the state Liquor Commission, comprising three members appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates state liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to lease and equip stores, warehouses, and other merchandising facilities for liquor sales, to supervise the construction of state-owned liquor stores at various locations in the state, and to sell liquor through retail outlets as well as direct sales to restaurants, hotels, and other organizations. The Commission also charges permit and license fees for the sale of beverages through private distributors and retailers and an additional fee of 30 cents per gallon on beverages sold by such retailers.

Lottery Commission: The state sells lottery games through some 1,350 agents, including state liquor stores, licensed racetracks, and private retail outlets. Through the sale of lottery tickets, revenue is generated for prize payments and commission expenses, with the net income used for aid to education. This net income is transferred to the Education Fund and then transferred to the local school districts.

New Hampshire Unemployment Trust Fund: Receives contributions from employers and provides benefits to eligible unemployed workers.

Internal Service Fund:

The employee benefit risk management fund reports the health related fringe benefit services for the state. The fund was created to account for the state's self-insurance program and to pool all resources to pay for the cost associated with providing these benefits to active employees and retirees.

**STATE OF NEW HAMPSHIRE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009
(Expressed in Thousands)**

	Business-Type Activities - Enterprise Funds					Governmental
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation	Total	Activities Internal Service Fund
ASSETS						
Current Assets:						
Cash and Cash Equivalents.....	\$ 55,403	\$ 911	\$ 1,144	\$ 94,128	\$ 151,586	\$ 35,744
Cash and Cash Equivalents-Restricted.....	40,489				40,489	
Receivables (Net of Allowances for Uncollectibles)...	3,915	6,916	854	26,645	38,330	69
Due from Other Funds.....		13,028	418		13,446	
Inventories.....	1,065	29,918	1,069		32,052	
Investments.....	5,000				5,000	
Other Current Assets.....	113		245		358	
Total Current Assets.....	105,985	50,773	3,730	120,773	281,261	35,813
Noncurrent Assets:						
Bond Issue Costs.....	2,884				2,884	
Capital Assets:						
Land & Land Improvements.....	107,357	3,403			110,760	
Buildings & Building Improvements.....	4,828	20,328			25,156	
Equipment & Computer Software.....	36,583	5,454	518		42,555	
Construction in Progress.....	35,070				35,070	
Infrastructure.....	630,309				630,309	
Less: Allowance for Depreciation & Amortization....	(242,839)	(16,421)	(354)		(259,614)	
Net Capital Assets.....	571,308	12,764	164		584,236	
Other Assets.....			3,965		3,965	
Total Noncurrent Assets.....	574,192	12,764	4,129		591,085	
Total Assets.....	680,177	63,537	7,859	120,773	872,346	35,813
LIABILITIES						
Current Liabilities:						
Accounts Payable.....	5,961	43,015	1,605		50,581	682
Accrued Payroll.....	914	1,409	213		2,536	
Due to Other Funds.....	513	357			870	
Deferred Revenue.....	6,901	1,988	1,191		10,080	
Unclaimed Prizes.....			400		400	
General Obligation Bonds Payable.....	624				624	
Revenue Bonds Payable-Restricted.....	13,500				13,500	
Accrued Interest Payable-Restricted.....	3,636				3,636	
Claims & Compensated Absences Payable.....	466	966	120		1,552	22,750
Other Liabilities.....	4	127		14,840	14,971	
Total Current Liabilities.....	32,519	47,862	3,529	14,840	98,750	23,432
Noncurrent Liabilities:						
General Obligation Bonds Payable.....	677				677	
Revenue Bonds Payable.....	230,532				230,532	
Claims & Compensated Absences Payable.....	2,563	3,039	379		5,981	
Other Noncurrent Liabilities.....	3,000	237			3,237	
Total Noncurrent Liabilities.....	236,772	3,276	379		240,427	
Total Liabilities.....	269,291	51,138	3,908	14,840	339,177	23,432
NET ASSETS						
Invested in Capital Assets, net of related debt.....	328,859	12,399	164		341,422	
Restricted for Debt Repayments.....	40,489				40,489	
Restricted for Prize Awards - MUSL & Tri-State.....			3,965		3,965	
Restricted for Unemployment Benefits.....				105,933	105,933	
Unrestricted Net Assets (Deficit).....	41,538		(178)		41,360	12,381
Total Net Assets.....	\$ 410,886	\$ 12,399	\$ 3,951	\$ 105,933	\$ 533,169	\$ 12,381

The notes to the financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation	Total	Internal Service Fund
<u>OPERATING REVENUES</u>						
Charges for Sales and Services.....		\$ 488,068	\$ 243,559	\$ 158,968	\$ 890,595	\$ 242,541
Toll Revenue Pledged for						
Repaying Revenue Bonds.....	\$106,757				106,757	
Total Operating Revenue.....	106,757	488,068	243,559	158,968	997,352	242,541
<u>OPERATING EXPENSES</u>						
Cost of Sales and Services.....		347,843	21,500		369,343	
Lottery Prize Awards.....			142,050		142,050	
Unemployment Insurance Benefits.....				280,385	280,385	
Underwriting Losses and Expenses.....						245,044
Insurance Claims.....						11,103
Administration.....	48,167	37,214	8,983		94,364	
Depreciation.....	15,179	737	97		16,013	
Total Operating Expenses.....	63,346	385,794	172,630	280,385	902,155	256,147
Operating Income (Loss).....	43,411	102,274	70,929	(121,417)	95,197	(13,606)
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Licenses.....		3,592			3,592	
Beer Taxes.....		12,467			12,467	
Investment Income.....	836		331	6,928	8,095	1,182
Miscellaneous.....	(3,855)	3,352			(503)	
Interest on Bonds.....	(12,953)				(12,953)	
Amortization of Bond Issuance Costs.....	(279)				(279)	
Total Nonoperating Revenues (Expenses).....	(16,251)	19,411	331	6,928	10,419	1,182
Income (Loss) Before Grant Contributions.....	27,160	121,685	71,260	(114,489)	105,616	(12,424)
Grant Contributions.....	3,952				3,952	
Income (Loss) Before Operating Transfers.....	31,112	121,685	71,260	(114,489)	109,568	(12,424)
Transfers Out to Governmental Funds.....		(121,687)	(71,058)		(192,745)	
Change in Net Assets.....	31,112	(2)	202	(114,489)	(83,177)	(12,424)
Net Assets - July 1, As Restated.....	379,774	12,401	3,749	220,422	616,346	24,805
Net Assets - June 30.....	\$410,886	\$ 12,399	\$ 3,951	\$ 105,933	\$ 533,169	\$ 12,381

The notes to the financial statements are an integral part of this statement

**STATE OF NEW HAMPSHIRE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation	Total	Internal Service Fund	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from federal and local agencies.....				\$ 58,257	\$ 58,257		
Receipts from customers.....	\$ 106,986	\$ 489,774	\$ 128,555	76,348	801,663	\$	23,696
Receipts from interfund charges.....							220,114
Payments to employees.....	(12,997)	(21,645)	(2,469)		(37,111)		
Payments to suppliers.....	(32,532)	(360,297)	(7,186)		(400,015)		(10,562)
Payments to prize winners.....			(46,129)		(46,129)		
Payments for Insurance Claims.....				(264,689)	(264,689)		(243,286)
Payments for Interfund Services.....	(3,505)	(3,714)	(1,042)		(8,261)		
Net Cash Provided by (Used In) Operating Activities.....	57,952	104,118	71,729	(130,084)	103,715		(10,038)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to Other Funds.....		(123,358)	(71,147)		(194,505)		
Proceeds from Collection of Licenses and Beer Tax.....		16,059			16,059		
Net Cash Used for Noncapital and Related Financing Activities.....		(107,299)	(71,147)		(178,446)		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition, Disposal and Construction of Capital Assets.....	(28,981)	(754)	(18)		(29,753)		
Grant Contributions.....	3,952				3,952		
Interest Paid on Revenue & General Obligation Bonds.....	(12,834)				(12,834)		
Principal Paid on Bonds.....	(14,744)				(14,744)		
Contributions from Other Funds.....		754			754		
Net Cash Used for Capital and Related Financing Activities.....	(52,607)		(18)		(52,625)		
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale of Investments.....	178,644				178,644		
Purchase of Investments.....	(183,644)				(183,644)		
Interest and Other Income.....	893	3,352	331	6,928	11,504		1,182
Net Cash Provided by (Used in) Investing Activities.....	(4,107)	3,352	331	6,928	6,504		1,182
Net Increase (Decrease) in Cash & Cash Equivalents.....	1,238	171	895	(123,156)	(120,852)		(8,856)
Cash and Cash Equivalents - July 1.....	94,654	740	249	217,284	312,927		44,600
Cash and Cash Equivalents - June 30.....	\$ 95,892	\$ 911	\$ 1,144	\$ 94,128	\$ 192,075	\$	35,744
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:							
Operating Income (Loss).....	\$ 43,411	\$ 102,274	\$ 70,929	\$ (121,417)	\$ 95,197	\$	(13,606)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation.....	15,179	737	97		16,013		
Change in Operating Assets and Liabilities:							
Change in Receivables.....	162	1,590	1,700	(17,021)	(13,569)		1,269
Change in Inventories.....	198	(4,078)	(237)		(4,117)		
Change in Other Current Assets.....	(113)		(102)		(215)		
Change in Restricted Deposits-MUSL.....			(202)		(202)		
Change in Accounts Payable and other Accruals.....	(952)	3,480	153	8,354	11,035		541
Change in Claims Payable.....			(683)		(683)		1,758
Change in Deferred Revenue.....	67	115	74		256		
Net Cash Provided by (Used In) Operating Activities.....	\$ 57,952	\$ 104,118	\$ 71,729	\$ (130,084)	\$ 103,715	\$	(10,038)

The notes to the financial statements are an integral part of this statement

Fiduciary Funds Financial Statements

Pension Trust Funds:

New Hampshire Retirement System - The New Hampshire Retirement System (NHRS) is the administrator of a cost-sharing multiple employer contributory pension plan and trust established on July 1, 1967, and is intended to meet the requirements of a qualified tax-exempt organization within the meaning of section 401(a) and section 501(a) of the United States Internal Revenue Code. Participating employers include the employees of the state government of New Hampshire, certain cities and towns, all counties, and various school districts. The NHRS is a component unit of the state.

New Hampshire Judicial Retirement Plan The New Hampshire Judicial Retirement Plan (the Plan) was established on January 1, 2005 and is a contributory pension plan and trust intended to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. The Plan is a component unit of the state.

Private-Purpose Trust Funds: Private-Purpose Trust Funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

Investment Trust Fund: The investment trust fund represents the external portion of the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the state of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the state of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. The internal portion of the pool is reported in the general fund. NHPDIP financial statements can be obtained by contacting NHPDIP at 5 Country View Drive, Raymond, NH 03077.

Agency Funds: Assets received by the state as an agent for other governmental units, other organizations, or individuals are accounted for as agency funds. The Unified Court System Litigation accounts which are held pending judicial judgements and Child Support Funds are two of the larger agency funds of the state.

STATE OF NEW HAMPSHIRE
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009
(Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Funds	Investment Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents.....	\$ 12,140	\$ 3,383		\$ 13,104
Cash Collateral on Security Lending.....	301,064			
Total Cash.....	313,204	3,383		13,104
Receivables:				
Due from Employers.....	22,258			
Due from State.....	7,565			
Due from Plan Members.....	16,189			
Due from Group I State Employee OPEB Plan.....	17,710			
Due from Brokers for Securities Sold.....	77,214			
Interest and Dividends.....	11,980			
Other.....	3,456		\$ 95	
Total Receivables.....	156,372		95	
Investments.....	4,434,990	14,114	236,644	1,408
Other Assets.....	1,957			
Total Assets.....	4,906,523	17,497	236,739	14,512
LIABILITIES				
Securities Lending Collateral.....	301,064			
Management Fees and Other Payables.....	6,681		69	
Security Lending Payable.....	5,540			
Due to Group I Political Subdivision OPEB Plan.....	17,710			
Due to Brokers for Securities Purchased.....	79,459			
Custodial Funds Payable.....				14,512
Other Liabilities.....			254	
Total Liabilities.....	410,454	-	323	14,512
Net Assets Held in Trust for Benefits & Other Purposes.....	\$ 4,496,069	\$ 17,497	\$ 236,416	

RECONCILIATION OF NET ASSETS HELD IN TRUST:

Employees' Pension Benefits.....	\$ 4,350,114			
Employees' Postemployment Healthcare Benefits.....	145,955			
Net Assets for Pool Participants in External Investment Pool.....			\$ 236,416	
Other Purposes.....		\$ 17,497		
Net Assets Held in Trust for Benefits & Other Purposes.....	\$ 4,496,069	\$ 17,497	\$ 236,416	

STATE OF NEW HAMPSHIRE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Funds	Investment Trust Funds
<u>ADDITIONS</u>			
Contributions:			
Employer	\$ 211,904		
State Contributions on Behalf of Local Employers	50,962		
Total Employer Contributions	262,866		
Plan Members	143,153		
From Participants		\$ 3,981	\$ 336,600
Total Contributions	406,019	3,981	336,600
Investment Income:			
From Investing Activities:			
Net Appreciation (Depreciation) in Fair Value of Investments	(1,104,199)	8,715	
Interest Income	57,203	314	
Dividends	36,111		
Alternative Investment Income	(8,722)		
Commercial Real Estate Operating Income	23,036		
Net Increase in Joint Value from Investment Income			3,482
Total Income (Loss) from Investing Activities	(996,571)	9,029	3,482
Less: Investment Activity Expenses:			
Investment Management Fees	14,913		
Custodial Fees	724		
Investment Advisor Fees	1,181		
Total Investment Activity Expenses	16,818		
Total Net Income (Loss) from Investing Activities	(1,013,389)	9,029	3,482
From Securities Lending Activities:			
Security Lending Income	6,857		
Less: Security Lending Borrower Rebates	3,120		
Less: Security Lending Management Fees	652		
Net Income from Securities Lending Activities	3,085		
Total Net Investment Income (Loss)	(1,010,304)	9,029	3,482
Interest Income	1,017		
Other	644		
Total Additions	(602,624)	13,010	340,082
<u>DEDUCTIONS</u>			
Benefits/Distributions to Participants	513,739	4,985	3,482
Refunds of Contributions	24,204		
Administrative Expense	7,420		
Professional Fees	1,419		
Interest Expense	1,017		
Other	2,412	19,410	423,391
Total Deductions	550,211	24,395	426,873
Change in Net Assets	(1,152,835)	(11,385)	(86,791)
<u>NET ASSETS HELD IN TRUST FOR BENEFITS & OTHER PURPOSES</u>			
Beginning of the Year	5,648,904	28,882	323,207
End of the Year	\$ 4,496,069	\$ 17,497	\$ 236,416

Component Units Financial Statements

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

ASSETS	University System of New Hampshire	Non-Major Component Unit	Total
Current Assets:			
Cash and Cash Equivalents.....	\$ 213,326	\$ 25,625	\$ 238,951
Cash and Cash Equivalents-Restricted.....		990	990
Accounts Receivable.....	35,245	5,280	40,525
Other Receivables-Restricted.....		2,900	2,900
Due From Primary Government - Current Portion.....		10,265	10,265
Notes Receivable - Current Portion.....	3,797	3,878	7,675
Prepaid Expenses & Other.....	6,033	562	6,595
Total Current Assets.....	258,401	49,500	307,901
Noncurrent Assets:			
Investments.....	289,735	15,455	305,190
Notes & Other Receivables.....	19,119	12,811	31,930
Other Assets.....	2,545	1,229	3,774
Capital Assets:			
Land & Land Improvements.....	11,936	2,843	14,779
Building & Building Improvements.....	1,210,979	145,430	1,356,409
Equipment.....	126,573	8,080	134,653
Construction in Progress.....	113,129	1,552	114,681
Less: Accumulated Depreciation.....	(548,093)	(57,783)	(605,876)
Net Capital Assets.....	914,524	100,122	1,014,646
Total Noncurrent Assets.....	311,399	29,495	340,894
Total Assets.....	1,484,324	179,117	1,663,441
LIABILITIES			
Current Liabilities:			
Accounts Payable.....	44,946	1,533	46,479
Accrued Salaries and Wages.....		4,339	4,339
Accrued Employee Benefits - Current.....	7,612	4,607	12,219
Other Postemployment Medical Benefits - Current.....	5,170		5,170
Other Payables & Accrued Expenses.....		5,231	5,231
Other Liabilities-Restricted.....		1,883	1,883
Deposits and Deferred Revenues.....	35,508	6,600	42,108
Due to Primary Government - Current Portion.....		2,606	2,606
Long Term Debt-Current Portion.....	71,090	1,607	72,697
Total Current Liabilities.....	164,326	28,406	192,732
Noncurrent Liabilities:			
Revenue Bonds Payable.....	403,788		403,788
Accrued Employee Benefits	30,900		30,900
Other Postemployment Medical Benefits	42,030		42,030
Due to Primary Government.....		8,784	8,784
Other Long Term Debt.....	19,038	41,455	60,493
Total Noncurrent Liabilities.....	495,756	50,239	545,995
Total Liabilities.....	660,082	78,645	738,727
NET ASSETS			
Invested in Capital Assets, Net of Related Debt.....	476,041	71,570	547,611
Restricted for Endowments.....	233,879		233,879
Restricted for Specific Purposes.....		6,975	6,975
Restricted for Long Term Receivable.....		2,900	2,900
Total Restricted Net Assets.....	709,920	81,445	791,365
Unrestricted Net Assets.....	114,322	19,027	133,349
Total Net Assets.....	\$ 824,242	\$ 100,472	\$ 924,714

The notes to the financial statements are an integral part of this statement

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	University System of		
	New Hampshire	Total Non-Major	Total
Expenses	\$ 688,510	\$ 130,960	\$ 819,470
Program Revenues:			
Charges for Services:			
Tuition & Fees.....	338,390	41,134	379,524
Scholarship Allowances.....	(89,257)		(89,257)
Sales, Services, & Other Revenue.....	197,795	25,271	223,066
Operating Grants & Contributions.....	56,768	34,302	91,070
Capital Grants & Contributions.....	24,330		24,330
Total Program Revenues.....	528,026	100,707	628,733
Net Expenses.....	(160,484)	(30,253)	(190,737)
Interest & Investment Income.....	9,021	4,385	13,406
Payments from State of New Hampshire.....	142,230	40,495	182,725
Change in Net Assets.....	(9,233)	14,627	5,394
Net Assets - Beginning	833,475	85,845	919,320
(Restated University System of New Hampshire).....			
Net Assets - Ending	\$ 824,242	\$ 100,472	\$ 924,714

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of New Hampshire (the state) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

For financial reporting purposes, the state's reporting entity includes all funds, organizations, agencies, boards, commissions, authorities and the state has considered all potential component units for which the state is financially accountable and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. The criteria to be considered in determining financial accountability include whether the state, as the primary government, has appointed a voting majority of an organization's governing body and (1) has the ability to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the state. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government, although the primary government does not appoint a voting majority of the organization's governing board.

Once financial accountability has been determined for a potential component unit, that component unit is either blended into the primary government or discretely presented from the primary government. Potential component units that do not meet the financial accountability criteria, but where a voting majority of the governing board is appointed by the state, are deemed to be related organizations. The nature and relationship of the state's component units and related organizations are disclosed in the following section.

Discrete Component Units:

Discrete component units are entities, which are legally separate from the state, but for which the state is financially accountable for financial reporting purposes, or whose relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. Complete audited financial statements of the individual component units can be obtained from the respective entities.

The component unit columns of the government-wide financial statements include the financial data of the following entities:

Major Component Unit

University System of New Hampshire - The University System of New Hampshire (University System) is a body corporate and politic with a governing board of twenty-five members. A voting majority is held by the state through the eleven members appointed by the Governor and

Executive Council and three state officials serving as required by law. These state officials are the Governor, the Commissioner of the Department of Education, and the Commissioner of the Department of Agriculture. The remaining board members represent the university and colleges of the system, the alumni, and the student body. The University System funds its operations through tuition and fees, government grants and contracts, auxiliary operations, and state appropriations. USNH financials can be obtained by contacting, USNH at 18 Garrison Avenue, Durham NH 03824.

Non-major Component Units

Business Finance Authority of the State of New Hampshire - The Business Finance Authority (BFA) is a body corporate and politic with a governing board of fourteen members. The board consists of nine members appointed by the Governor with the consent of the Executive Council. The remaining members include two state Representatives, two Senators, and the Treasurer. The state currently guarantees outstanding loans and principal on bonds of the BFA as of June 30, 2009, which creates the potential for the BFA to impose a financial burden on the state. BFA's financials can be obtained by contacting, BFA at 2 Pillsbury Street, Suite 201, Concord NH 03301.

Community Development Finance Authority - The Community Development Finance Authority (CDFA) is a body corporate and politic organized as a nonprofit corporation under Revised Statutes Annotated (RSA) 292. The governing board of eleven members is made up of the Commissioner of the Department of Resources and Economic Development or designee and ten public members appointed by the Governor and Executive Council as follows: four representatives of community development corporations or other nonprofit organizations engaged in community development activities, one representative of organized labor, two representatives of small business and the financial community, one representative of employment training programs, and two representatives of private financial institutions. An investment tax credit equal to 75 percent of the contribution made to the CDFA during the contributor's tax year is allowed against certain taxes imposed by the state. In accordance with RSA 162-L:10, the total credits allowed shall not exceed \$5.0 million in any state fiscal year. CDFA's financials can be obtained by contacting CDFA at, CDFA 14 Dixon Avenue, Suite 102, Concord NH 03301.

Pease Development Authority - The Pease Development Authority (PDA) is a body corporate and politic with a governing body of seven members. Four members are appointed by the Governor and state legislative leadership, and three members are appointed by the city of Portsmouth and the town of Newington. The state currently guarantees outstanding loans and principal on bonds of the PDA and has issued bonds on behalf of the PDA as of June 30, 2009, which creates the potential for the PDA to impose a financial burden on the state. In addition, the state has made several loans to the PDA. PDA's financials can be obtained by contacting PDA at, 360 Corporate Drive, Portsmouth NH 03801.

Pursuant to Chapter 290 Laws of 2001, the New Hampshire State Port Authority, a former department of the primary state government, was transferred to the PDA effective July 1, 2001.

The Community College System of New Hampshire (CCSNH) Formally the Department of Regional Community-Technical Colleges, was established under Chapter 361, Laws of 2007 (effective date July 17, 2007) as a body politic and corporate, whose main purpose is to provide a well-coordinated system of public community college education. The CCSNH currently includes colleges in Berlin, Claremont, Concord, Laconia, Manchester, Nashua and Stratham/Portsmouth. It is governed by a single board of trustees with its 19 voting members appointed by Governor and Executive Council. The CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and state appropriations. Each college within the CCSNH and the chancellor's office are considered separate budgetary units. The CCSNH prepares a biennial operating budget for presentation to the Governor and the General Court. The CCSNH continues to use the financial and administrative services of the State Treasurer and State Department of Administrative Services, but the expenses related to these services have not been allocated to the CCSNH but rather remain as an expense to the Primary Government.

With the establishment of the CCSNH, certain net assets of the primary government attributable to the CCSNH, were transferred. Included in the transfer were only those capital assets and related bonds payable which were deemed self-funded by the CCSNH.

Fiduciary Component Units:

The state's fiduciary component units consists of the Pension Trust Fund, which represents the assets and liabilities of the following:

New Hampshire Retirement System - The New Hampshire Retirement System (System) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection to its members, which include full-time employees of the state and substantially all school teachers, firefighters, and police officers within the state. Full-time employees of political subdivisions may participate if their governing body elects to participate.

The System is administered by a 14 member board of Trustees on which the state does not represent a voting majority. The Board is fiduciarily responsible for the trust fund's assets and directs the investment of the pension assets through an independent investment committee, reviews actuarial assumptions and valuations from which the employer contribution rates are certified by the board, and generally supervises the operations of the System.

The System is deemed to be fiscally dependent on the state because the employee member contribution rates are set through state statute, and the state has budget approval authority over the administrative costs of the System.

New Hampshire Judicial Retirement Plan - The New Hampshire Judicial Retirement Plan (the Plan) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 414(d) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the state.

The Plan is administered by a seven member Board of Trustees that is appointed by the state. The Board is fiduciarily responsible for the trust fund's assets and oversees the investment of the Plan's assets, approving the actuarial valuation of the Plan including assumptions, interpreting statutory provisions and generally supervises the operations of the Plan.

The Plan is deemed to be fiscally dependent on the state because of the state's contributions toward the Plan's unfunded accrued liabilities and employee member contribution rates are set through state statute.

These component units are presented in the fiduciary funds, along with other fiduciary funds of the state, and they have been omitted from the states government-wide financial statements.

Related Organizations:

The state is responsible for appointing voting members to the governing boards of the following legally separate organizations, but the state's financial accountability for these organizations does not extend beyond making the appointments. Therefore, the financial data of these entities are excluded from the state's financial statements.

Those organizations are:

- New Hampshire Medical Malpractice Joint Underwriting Association
- Maine - New Hampshire Interstate Bridge Authority
- New Hampshire Health and Education Facilities Authority
- New Hampshire Housing Finance Authority
- New Hampshire Municipal Bond Bank

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Primary government activities are distinguished between governmental and business-type activities. Governmental activities are normally supported through taxes and intergovernmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The *Statement of Net Assets* presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue. Certain indirect costs are included in program expenses reported for individual functions.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Measurement Focus and Basis of Accounting

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, except for federal grants, the state generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Taxes, grants, licenses and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences and claims and judgments are recorded only when payment is due.

Proprietary Fund, Fiduciary Funds and Similar Component Units, and Discrete Component Unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

In reporting proprietary activities, including component units, the state only applies applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, for its business-type activities and enterprise funds, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Financial Statement Presentation

A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The state reports the following major governmental funds:

General Fund: The General Fund is the state's primary operating fund and accounts for all financial transactions not accounted for in any other fund.

Highway Fund: The Highway Fund is used to account for

the revenues and expenditures used in the construction and maintenance of the state's public highways and the supervision of traffic thereon.

Education Fund: In fiscal year 2000, the Education Trust Fund was created in accordance with Chapter 17:41, Laws of 1999. The fund is non-lapsing and is used to distribute adequate education grants to school districts.

The state reports the following major enterprise funds:

The *Liquor Commission* accounts for the operations of state-owned liquor stores and the sales of all beer and liquor sold in the state.

The *Lottery Commission* accounts for the operations of the state's lottery games.

The *Turnpike System* accounts for the revenues and expenditures used in the construction, maintenance and operations of transportation toll facilities.

The *New Hampshire Unemployment Trust Fund* receives contributions from employers and provides benefits to eligible unemployed workers.

Additionally, the state reports the following non-major funds:

Governmental Fund Types

Capital Projects Fund - used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of state bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

Permanent Funds - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the state or its citizenry.

Proprietary Fund Types

Internal Service Fund - provides services primarily to other agencies or funds of the state, rather than to the general public. These services include health related fringe benefits. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Types

Pension (and Other Employee Benefits) Trust Fund - report resources that are required to be held in trust for the members and beneficiaries of the state's contributory defined benefit plans, and post employment benefit plan. The New Hampshire Retirement System and The New Hampshire Judicial Retirement plan are component units of the State.

Investment Trust Fund - accounts for the transactions, assets, liabilities and fund equity of the external investment pool.

Private Purpose Trust Funds - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

Agency Funds - report assets and liabilities for deposits and investments entrusted to the State as an agent for others.

Reporting Periods

The accompanying financial statements of the state are presented as of June 30, 2009, and for the year then ended, except for the New Hampshire Judicial Retirement Plan which is as of December 31, 2008.

D. CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash equivalents represent short-term investments with original maturities less than three months from the date acquired by the state.

E. INVESTMENTS

Investments are reported at fair value except for investments of the investment trust fund, which are reported at net amortized cost because it qualifies as a 2a7-like pool.

F. RECEIVABLES

Receivables in the government-wide financial statements represent amounts due to the state at June 30, recorded as revenue, which will be collected sometime in the future and consist primarily of accrued taxes and federal grants receivable. In the governmental fund financial statements, taxes receivable are primarily taxpayer-assessed revenues representing amounts owed by the taxpayers, which are received by the state within 60 days after year-end, except for federal grants, which reimburse the state for expenditures incurred pursuant to federally funded programs. Tax revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting.

G. INVENTORIES

Inventories for materials and supplies are determined by physical count. Both the Lottery and Liquor use the lower of cost or market to value their inventories. Lottery uses the first-in, first-out method and Liquor uses the average cost method. All other inventories in the governmental and proprietary funds are stated at average cost.

Governmental fund inventories are recorded under the purchase method. Reported inventory balances in the governmental funds are offset by a fund balance reserve that indicates they do not constitute "available expendable resources".

H. RESTRICTED ASSETS

The proceeds of Turnpike System revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets.

I. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Equipment is capitalized when the cost of individual items exceed \$10,000, and all other capital assets are capitalized when the cost of individual items or projects exceed \$100,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government and the component units are depreciated using the straight-line method over the

following useful lives:

Equipment	5 years
Buildings	40 years
Building improvements	20 years
Infrastructure	50 years
Computer software	5 years

J. DEFERRED REVENUE

In the government-wide financial statements and the proprietary fund financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to their being earned. In the governmental fund financial statements deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. The deferred revenue in the governmental fund types has primarily resulted as an offset to long-term loans receivable and federal funds received in advance of eligible expenditures.

K. COMPENSATED ABSENCES

All full-time state employees in classified service earn annual and sick leave. At the end of each fiscal year, additional leave (bonus days) may be awarded based on the amount of sick leave taken during the year. Accrued compensatory time, earned for overtime worked, must be taken within one year.

The state's compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory, and sick leave based on years of service rendered along with the state's share of social security and retirement contributions. The current portion of the leave liability is calculated based on the characteristics of the type of leave and on a LIFO (last in first out) basis, which assumes employees use their most recent earned leave first. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 32 to 50 days based on years of service. The accrual for sick leave is made to the extent it's probable that the benefits will result in termination payments rather than be taken as absences due to illness. The liability for compensated absences is recorded on the accrual basis in the government-wide and proprietary fund financial statements.

In the governmental fund financial statements, liabilities for compensated absences are accrued when they are "due and payable" and recorded in the fund only for employee resignations and retirements that occur before year-end and were paid out after year-end.

L. ENCUMBRANCES

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services, the encumbrance is liquidated and the expenditure and liability are recorded. Unliquidated encumbrances are reported in the Reserved for Encumbrances account as a component of fund equity for the governmental fund types.

M. FUND BALANCES

Fund balances for all governmental funds are either reserved or unreserved. Reserved fund balances reflect either 1) assets, which, by their nature, are not available for appropriations (Reserve for Inventories); 2) funds legally segregated for a specific future use (Reserve for Encumbrances); 3) segregated

by legal restrictions (Reserve for Permanent Funds). Certain reserve accounts are further described below:

Reserved for Unexpended Appropriations: This account represents amounts of unexpended appropriations legally carried forward and available for encumbrances and expenditures in the succeeding year.

Reserved for Revenue Stabilization: RSA 9:13-e established the Revenue Stabilization account for the purpose of deficit reduction. As amended by Chapter 158:41, Laws of 2001, at the close of each fiscal biennium, any General Fund undesignated fund balance, remaining after Education Trust Fund transfer, is distributed to the Revenue Stabilization account. The maximum balance that may accumulate in the account is limited to 10% of the General Fund unrestricted revenue. The account may not be used for any other purpose without specific approval by two-thirds of each house of the Legislature and the Governor.

In the event of a General Fund undesignated fund balance deficit at the close of a fiscal biennium, a transfer from the Reserve for Revenue Stabilization account may be made only if the General Fund's unrestricted revenues are less than budgeted. The amount of the transfer is limited to the smaller of the General Fund undesignated fund balance deficit or the unrestricted revenue shortfall.

At the close of the fiscal biennium ending June 30, 2009, the General Fund undesignated fund balance deficit was \$79.7 million. Therefore, \$79.7 million was transferred from the revenue stabilization reserve account resulting in a balance of \$9.3 million at June 30, 2009.

N. CAPITAL OUTLAYS

Capital outlays represent equipment purchases for all funds. In addition to equipment purchases, the Highway Fund's capital outlays represent expenditures for the 10-year state capital highway construction program.

O. BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS

In the government-wide and proprietary fund financial statements, bond discounts/premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

P. REVENUES AND EXPENDITURES/EXPENSES

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g. general government, education, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as

program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as either "general purpose" or "restricted". General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by state law or by outside restriction (e.g. federal grants), available only for specified purposes. Unused restricted revenues at year end are recorded as reservations of fund balance. When both general purpose and restricted funds are available for use, it is the state's policy to use restricted resources first.

In the governmental fund financial statements, expenditures are reported by character: "Current", "Debt Service" or "Capital Outlay." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for real property or infrastructure (e.g. highways).

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. administration and depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as nonoperating.

Other Financing Sources (Uses) – these additions to and reductions from governmental resources in fund financial statements normally result from transfers from/to other funds and include financing provided by bond proceeds. Legally required transfers are reported when incurred as "Transfers In" by the receiving fund and as "Transfers Out" by the disbursing fund.

Reimbursements - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel, and maintenance and telecommunications. These transactions, when material, have been eliminated in the government-wide and governmental fund financial statements.

Q. INTERFUND ACTIVITY AND BALANCES

Interfund Activity – As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities (e.g. transfers of profits from the Liquor Commission to General Fund and the Sweepstakes Commission to the Education Fund) and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources.

Interfund Balances – Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

R. CAPITAL PROJECTS

The state records the resources obtained and used for the acquisition, construction, or improvement of certain capital facilities in the Highway Fund and the Capital Projects Fund. Encumbrances are recorded when contracts are executed. Expenditures are recorded when incurred and encumbrances are liquidated at that time.

Resources obtained to finance capital projects include federal grants and general obligation bonds. General obligation bonds are recorded as liabilities and as other financing sources in the funds that receive the proceeds.

S. BUDGET CONTROL AND REPORTING

The Statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes a separate budget for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues. There is no constitutional or statutory requirement that the Governor propose, or the Legislature adopt, a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental funds, with the exception of the Capital Projects Fund and certain proprietary funds. The Capital Projects Fund budget represents individual projects that extend over several fiscal years. Since the Capital Projects Fund comprises appropriations for multi-year projects, it is not included in the budget and actual comparisons statement. Fiduciary funds are not budgeted.

In addition to the enacted biennial operating budget, the Governor may submit to the Legislature supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department without the approval of the Legislature; therefore, the legal level of budgetary control is at the departmental level.

Both the Executive and Legislative Branches of government maintain additional fiscal control procedures. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain an integrated financial accounting system. The Legislative Branch, represented by the Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of the Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year end will lapse to undesignated fund balance and be available for future appropriations unless they have been encumbered or legally defined as non-lapsing, which means the balances are reported as reservation of fund balance. The balance of unexpended encumbrances are brought forward into the next fiscal year. Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.

Budget to Actual Comparisons and additional budgetary information are included as Required Supplementary Information.

T. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

U. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS AND RESTATEMENTS

During the fiscal year ended June 30, 2009, the State adopted GASB Statement 49 (GASB 49), *Accounting and Financial Reporting for Pollution Remediation Obligations*, establishing accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The standard excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning.

The provisions of GASB 49 require the measurement of pollution remediation liabilities at July 1, 2008; therefore, the State's beginning net assets have been restated. The following is a reconciliation of the total governmental activities net assets as previously reported as of June 30, 2008 to the beginning net assets balance (expressed in thousands):

Net assets at June 30, 2008	\$ 2,287,435
Adoption of GASB 49	(33,192)
Total net assets at July 1, 2008	<u>\$ 2,254,243</u>

The net assets of the Turnpike System, as previously reported as of June 30, 2008 and reported in the business-type activities, were also restated due to the implementation of GASB 49 as follows (expressed in thousands):

Net assets at June 30, 2008	\$ 383,374
Adoption of GASB 49	(3,600)
Total net assets at July 1, 2008	<u>\$ 379,774</u>

The State's major component unit, University System of New Hampshire, also has implemented GASB 49 and restated beginning net assets as follows (expressed in thousands):

Net assets at June 30, 2008	\$ 835,874
Adoption of GASB 49	(2,399)
Total net assets at July 1, 2008	\$ 833,475

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

PRIMARY GOVERNMENT

The state pools cash and investments except for separate cash and investment accounts maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments and restricted assets is included on the combined balance sheet under the captions "Cash and Cash Equivalents" and "Investments".

DEPOSITS:

The following statutory requirements and State Treasury policies have been adopted to minimize risk associated with deposits:

RSA 6:7 establishes the policy the state Treasurer must adhere to when depositing public monies. Operating funds are invested per investment policies that further define appropriate investment choices and constraints as they apply to those investment types.

Custodial Credit Risk: The custodial risk for deposits is the risk that in the event of a bank failure, the state's deposits may not be recovered.

Custodial credit risk is managed in a variety of ways. Although state law does not require deposits to be collateralized, the Treasurer does utilize such arrangements where prudent and/or cost effective. All banks, where the state has deposits and/or active accounts, are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent monitoring of custodial credit risk.

All commercial paper must be from issuers having an A1/P1 rating or better and an AA- or better long-term debt rating from one or more of the nationally recognized rating agencies. Certificates of deposits must be with state or federally chartered banking institutions with a branch in New Hampshire. The institution must have the highest rating as measured by Veribanc, Inc.

Whereas all payments made to the state are to be in U.S dollars, foreign currency risk is essentially nonexistent on state deposits.

As of June 30, 2009, the state's carrying value for deposits was \$389.5 million. The table below details the state's bank balances at June 30, 2009 exposed to custodial credit risk (expressed in thousands):

Type	Governmental & Business Type			Fiduciary		
	Insured	Collateral & held in State's name	Uncollateralized	Insured	Collateral & held in State's name	Uncollateralized
Demand Deposits	\$ 22,743	\$ 194,757			\$ 10,323	\$ 125
Money Market		48,076	\$ 150,970			5,746
Savings Accounts	250		434		4,305	34
CDs		24,972				69
Total	\$ 22,993	\$ 267,805	\$ 151,404		\$ 14,628	\$ 5,974

INVESTMENTS:

The Treasury Department has adopted policies to ensure reasonable rates of return on investments while minimizing risk factors. Approved investments are defined in statute (RSA 6:8, 387:6, 387:6-a, and 387:14). Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments will be denominated in U.S. dollars. As of June 30, 2009, the state had the following types of investments:

(Fair values in thousands)		
Investment Type	Governmental & Business Type	Fiduciary
Stocks	\$ 8,533	
Corporate Bonds	977	
US Treasury	403	
US Government Agencies	7,848	
Equity Open Ended Mutual Funds	2,777	\$ 9,275
Fixed Income Open Ended Mutual Funds	2,117	5,920
Unemployment Compensation External Pool (special issue bonds guaranteed by US government)	80,557	
NH Public Deposit Investment Pool (internal investment held by Treasury)	495	
NH Public Deposit Investment Pool (Internal investment held by NHH patient agency fund)		93
External Portion of NH Public Deposit Investment Pool		236,644
Totals	\$ 103,707	\$ 251,932

The table below reconciles the cash and investments in the financial statements to the footnote (expressed in thousands):

Reconciliation Between Financial Statements and Footnote					
		Unrestricted		Restricted	
		Cash and Cash Equivalents	Investments	Cash and Cash Equivalents	Investments
Per Statement of Net Assets	Primary Government	\$ 418,647	\$ 21,136	\$ 40,489	
Assets	Private Purpose	3,383	14,114		
	Investment Trust		236,644		
	Agency Funds	13,104	1,408		
Total per Financial Statements		\$ 435,134	\$ 273,302	\$ 40,489	
					Per Footnote
					Cash On Hand \$ 3,823
					Carrying Amount of Deposit 389,463
					Investments 355,639
					Total Per Footnote \$ 748,925

Repurchase Agreements:

Repurchase agreements must be executed through a New Hampshire or Massachusetts bank with assets in excess of \$500 million and has either the strongest rating as measured by Veribanc, Inc. or has a long term debt rating of AA- or better as rated by Standard and Poor's and Fitch or Aa3 or better as rated by Moody's. Repurchase agreements may also be executed through any of the primary government security dealers as designated by the Federal Reserve.

Custodial Credit Risk: The state's repurchase agreements are all with banking institutions and therefore subject to custodial credit risk. The custodial credit risk is the risk that in the event of a bank failure, the state's deposits may not be recovered.

Interest Rate Risk: The Term Repurchase Agreements are also subject to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the state's investments. The state measures its interest rate risk using the weighted average maturity method (WAM). The state's WAM is dollar weighted in terms of years.

As of June 30, 2009, the state's bank balances were exposed to custodial credit risk and interest rate risk as follows (expressed in thousands):

Type	Governmental & Business Type		
	Custodial Credit Risk		
	Insured	Collateralized	Uncollateralized
Overnight Repurchase Agreements	\$	18,039	
Total	\$	18,039	

Stocks:

The state does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices.

Concentration Risk: The risk of loss attributed to the magnitude of the state's investment in a single issuer. The top 10 issuers as of June 30, 2009 are noted below (expressed in thousands):

Name / Issuer	Governmental & Business Type			
	General Fund		Total	% of Total
	Aband. Property	Permanent Funds		
Metlife Inc Com	\$ 1,689	\$	1,689	19.8%
Exxon Mobil Corp	342	\$ 80	423	5.0%
Prudential Finl Inc Com	333		333	3.9%
Vodafone Grp Plc Sponsored Adr	270		270	3.2%
Delhaize Group	242		242	2.8%
A T & T Inc Com	186	34	220	2.6%
Bank of America Corp	193	15	208	2.4%
Microsoft Corp	142	61	203	2.4%
Verizon Communications Com	197		197	2.3%
Toronto Dominion Bk Ont Com	177		177	2.1%

Custodial Risk: The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of investments that are in the possession of an outside party. All the state's stocks are uninsured, registered in the state's name and held by the custodian. Custodial credit quality with respect to investments is mitigated primarily through selection criteria aimed at investing only with high quality institutions where default is extremely unlikely.

New Hampshire Public Deposit Investment Pool (NHPDIP):

The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the state of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the state of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. NHPDIP's audited financial statements can be obtained by contacting NHPDIP at 497 Belknap Mountain Rd, Gilford NH 03249.

Credit Risk: The risk that the issuer or other counterparty will not fulfill its obligations. Neither the equity mutual fund or PDIP are rated.

Debt Securities: The state invests in several types of debt securities including corporate and municipal bonds, securities issued by the US Treasury and Government Agencies, mutual funds and investment pools.

Credit Risk: The risk that the issuer will not fulfill its obligations. The state invests in grade securities which are defined as those with a grade B or higher. Obligations of the US Government or obligations backed by the US Government are not considered to have credit risk.

Interest Rate Risk: The risk that changes in interest rates will adversely affect the fair value of the state's investments. Interest rate risk is primarily measured and monitored by defining or limiting the maturity of any investment or weighted average maturity of a group of investments. Fixed income mutual funds which consist of shares of funds which hold diversified portfolios of fixed income securities are limited to those with average maturity not to exceed 5 years. Trust and custodial funds manage and monitor interest rate risk primarily through a weighted average maturity approach (WAM). The state's WAM is dollar-weighted in terms of years. The specific target or limits of such maturity and percentage allocations are tailored to meet the investment objective(s) and defined in the investment guidelines associated with those funds.

Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments that are in the possession of an outside party. Open ended mutual funds and external pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The state's selection criteria is aimed at investing only with high quality institutions where default is extremely unlikely.

Debt Securities (continued):

The state's exposed risks at June 30, 2009 are noted below (expressed in thousands):

Type	Governmental & Business Type		Fiduciary	
	Credit Risk	Interest Rate Risk	Credit Risk	Interest Rate Risk
	Grade Unrated	WAM in years	Grade Unrated	WAM in years
Corporate Bonds	\$ 972 \$ 5	2.9		
US Treasury	403	5.3		
US Government Agencies	7,848	0.6		
Fixed Income Open Ended Mutual Funds	2,117	5.0	\$ 5,920	5.1
Unemployment Compensation Fund Pool (special issue bonds guaranteed by US govt)	80,557	1.94		

Concentration Risk:

The risk of loss attributed to the magnitude of the state's investment in a single issuer. This risk is applicable to the state's investments in corporate bonds. The state does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices.

The state's top ten issuers at June 30, 2009 are listed below (expressed in thousands):

Issuer	Governmental & Business Type	
	Fair Value	% of Total
Goldman Sachs Group Inc	\$ 153	15.6%
AT&T Inc	110	11.2%
IBM INTL Group	107	11.0%
Boeing Cap Corp	107	10.9%
SBC Communications Inc	106	10.8%
Conocophillips	103	10.5%
Suntrust Banks Inc	76	7.8%
Pepsico Inc	54	5.5%
Illinois Tool Works	53	5.4%
Bellsouth Cap Funding	52	5.32%

MAJOR COMPONENT UNIT (University System of New Hampshire - USNH)**Cash and Cash Equivalents (expressed in thousands):**

Highly liquid investments with a maturity of 90 days or less when purchased are recorded as cash and cash equivalents. Cash and cash equivalents at June 30 consisted of the following:

	2009
Cash & Repurchase agreements.....	\$ 9,366
Money Market Funds.....	159,074
Total Cash & Cash Equivalents.....	<u>\$ 168,440</u>

Included in the cash and repurchase agreements balances at June 30, 2009 were \$10,339 in repurchase agreements, \$4,600 in cash and a net cash overdraft of \$5,573. Repurchase agreements were limited to overnight investments only.

Investments (expressed in thousands):

Investments include debt proceeds held by others for construction purposes, long-term operating investments, and endowment and similar investments of the campuses and affiliated entities. Investments are monitored by management and the respective governing boards of USNH and its affiliated entities. The carrying amount of these financial instruments approximates fair value.

MAJOR COMPONENT UNIT (University System of New Hampshire) - Continued

Operating Investments

Unlike the long-term operating investments discussed below, operating investments included in current assets, are amounts invested to meet regular operations of USNH and include obligations of the U.S. Government, commercial paper, money market and other mutual funds, and the current portion of debt proceeds held by others for construction purposes. Operating investments have an original maturity of more than 90 days, are highly liquid and are invested for purposes of satisfying current liabilities and generating investment income to support operating expenses. The components of operating investments at June 30 are summarized below (expressed in thousands):

	2009	
	Balance	Weighted Average Maturity
Obligations of the U.S. Government.....	\$ 15,944	4 years
Corporate Bonds & Notes.....	7,400	4 Years
Money Market Funds.....	19,892	Not Applicable
Current portion of Debt proceeds held by others.....	1,522	Not Applicable
Commercial Paper (at estimated fair value).....		Not Applicable
Other Accounts.....	128	Not Applicable
Total:.....	<u>\$ 44,886</u>	

Operating investments in mutual funds are uninsured and uncollateralized against custodial credit risk.

Debt Proceeds Held By Others for Construction Purposes:

At June 30, 2009 total debt proceeds held by others included \$22,034 of construction proceeds held by the bond trustee.

Debt proceeds held by others for construction purposes consisted of the following investments at June 30, 2009 (expressed in thousands):

	2009	
	Balance	Weighted Average Maturity
Money market funds.....	\$ 23,557	Not Applicable
Total Debt proceeds held by others.....	23,557	
Less: current portion	(1,523)	
Long-term portion.....	<u>22,034</u>	
Operating amounts invested alongside endowment pool.....	5,042	
Total:.....	<u>\$ 27,076</u>	

MAJOR COMPONENT UNIT (University System of New Hampshire) - Continued

Long-term operating investments represent unrestricted amounts invested alongside the campuses' endowment pool which are not expected to be liquidated in the next year, but which are available for operations if needed. The balance of long-term operating investments at June 30, 2009 was \$5,042. These amounts consisted of ownership shares of the campuses' endowment pool and, therefore, the components, credit risk, and all other investment characteristics are identical to those described below.

Endowment and Similar Investments:

Endowment and similar investments are amounts invested primarily for long-term appreciation and consisted of the following as of June 30 (expressed in thousands):

	2009
Money Market Funds.....	\$ 23,263
Mutual Funds-Bonds.....	35,635
Mutual Funds-Stocks.....	36,001
Mutual Funds-Real Estate.....	1,757
U.S. Government Obligations.....	521
Corporate Bonds and Notes.....	664
Common/Preferred Stocks.....	66,652
Alternative Investments.....	87,916
Investments Held by Others.....	15,292
Operating amounts invested alongside endow ment pool.....	(5,042)
Total endow ment and similar investments.....	<u>\$ 262,659</u>

Alternative investments as shown above include private equity, venture capital, absolute return, hedge, natural resource and real estate funds. The estimated fair value of investments is based on quoted market prices except for certain alternative investments, for which quoted market prices are not available. The estimated fair value of certain alternative investments is based on valuations provided by external investment managers and reviewed by management. Because these alternative investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material.

Mutual funds, common stocks, and alternative investments are uninsured and uncollateralized against custodial credit risk. The USNH investment policy and guidelines, and the University of New Hampshire Foundation, Inc. investment policy, mitigate the risk associated with uninsured and uncollateralized investments collectively through diversification, target asset allocations, and ongoing investment advisor and investment committee review.

3. RECEIVABLES

The following is a breakdown of receivables at June 30, 2009 (expressed in thousands):

	Governmental	Business- Type	Total	Major Component Unit
Short Term Receivables				
Taxes:				
Meals and Rooms.....	\$ 24,985		\$ 24,985	
Business Taxes.....	221,481		221,481	
Tobacco.....	11,154		11,154	
Real Estate Transfer.....	9,001		9,001	
Interest & Dividends.....	38,795		38,795	
Communications.....	6,257		6,257	
Utility Property Tax.....	14,000		14,000	
Gasoline Road Toll.....	11,272		11,272	
Beer.....		\$ 1,216	1,216	
Subtotal.....	336,945	1,216	338,161	
Other Receivables:				
Turnpike System.....		3,915	3,915	
Liquor Commission.....		5,700	5,700	
Lottery Commission.....		854	854	
Unemployment Trust Fund.....		34,805	34,805	
Internal Service Fund.....	69		69	
Board and Care.....	2,300		2,300	
Federal Grants.....	257,658		257,658	\$ 14,519
Local Grants.....	37,494		37,494	
Miscellaneous.....	49,737		49,737	24,196
Short Term Portion Of State Revolving Loan Fund.....	18,929		18,929	
Short Term Portion Of Note/Pledge Receivable.....				3,797
Subtotal.....	366,187	45,274	411,461	42,512
Total Current Receivables (Gross).....	703,132	46,490	749,622	42,512
Long Term Receivables				
State Revolving Loan Fund.....	249,624		249,624	
Miscellaneous.....	8,923		8,923	
Note/Pledge Receivable.....				19,119
Total Long Term Receivables (Gross).....	258,547		258,547	19,119
Allowance for Doubtful Accounts				
	(86,168)	(8,160)	(94,328)	(3,470)
Total Receivables (Net).....	\$ 875,511	\$ 38,330	\$ 913,841	\$ 58,161

State Revolving Loan Fund:

Primary Government: As of June 30, 2009, total water pollution control loans outstanding of \$268.6 million were recorded in the state's general fund. This amount was offset by a corresponding amount of deferred revenue. The state Water Pollution Control Revolving Loan Fund ("State Revolving Fund"), established by RSA 486:14, provides loans and other assistance to local communities for financing waste water treatment facilities. The State Revolving Fund was authorized through the Federal Clean Water Act of 1988 and was initially funded through a federal capitalization grant program to states which requires state matching funds equal to 20% of the capitalization grant funding. Principal and interest payments on the loans will occur over a period not to exceed 20 years and will be credited directly to the State Revolving Fund, enabling the fund balance to be available in perpetuity.

Major Component Unit: The component unit balance is University System of New Hampshire Perkins Loans, pledges and other college and university loans of \$58.2 million.

Deferred Revenue:

Primary Government: Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2009, the various components of deferred revenue (\$551.9 million) reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Taxes & Fees receivable.....	\$ 192,553		\$ 192,553
Loans receivable.....	279,943		279,943
Federal/Local receivables.....	11,247		11,247
Receipts in advance of eligibility requirements.....		\$ 68,153	68,153
Total.....	\$ 483,743	\$ 68,153	\$ 551,896

4. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2009, was as follows (expressed in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 478,794	\$ 14,700	\$ (1,561)	\$ 491,933
Construction in Progress	262,355	134,209	(208,982)	187,582
Work in Progress Computer Software.....	34,196	14,354		48,550
Total Capital Assets not being depreciated.....	775,345	163,263	(210,543)	728,065
Other Capital Assets:				
Equipment & Computer Software.....	214,642	17,081	(11,276)	220,447
Buildings & Building Improvements	685,424	35,597	(7,403)	713,618
Land Improvements.....	97,649	2,032	(1,455)	98,226
Infrastructure.....	2,865,262	183,466		3,048,728
Total Other Assets	3,862,977	238,176	(20,134)	4,081,019
Less accumulated depreciation for:				
Equipment & Computer Software.....	(175,126)	(20,613)	13,153	(182,586)
Buildings & Building Improvements	(303,817)	(23,654)	7,168	(320,303)
Land Improvements.....	(83,635)	(2,079)	1,164	(84,550)
Infrastructure.....	(1,707,292)	(45,982)		(1,753,274)
Total Accumulated Depreciation.....	(2,269,870)	(92,328)	21,485	(2,340,713)
Other Capital Assets, Net.....	1,593,107	145,848	1,351	1,740,306
Governmental Activities Capital Assets, Net.....	\$ 2,368,452	\$ 309,111	\$ (209,192)	\$ 2,468,371
Business-Type Activities:				
Turnpike:				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 110,663	\$ 876	\$ (4,182)	\$ 107,357
Construction in Progress.....	26,082	28,141	(19,153)	35,070
Capital Assets not being depreciated	136,745	29,017	(23,335)	142,427
Other Capital Assets:				
Equipment.....	35,656	1,288	(361)	36,583
Buildings & Building Improvements.....	4,828			4,828
Infrastructure.....	611,156	19,153		630,309
Total Capital Assets	788,385	49,458	(23,696)	814,147
Less accumulated depreciation for:				
Equipment.....	(20,909)	(3,196)	361	(23,744)
Buildings & Building Improvements.....	(2,820)	(72)		(2,892)
Infrastructure.....	(204,292)	(11,911)		(216,203)
Total Accumulated Depreciation.....	(228,021)	(15,179)	361	(242,839)
Turnpike Capital Assets, Net.....	\$ 560,364	\$ 34,279	\$ (23,335)	\$ 571,308
Liquor:				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 2,355			\$ 2,355
Other Capital Assets:				
Equipment.....	5,971	\$ 447	\$ (964)	5,454
Buildings & Building Improvements.....	20,333	202	(207)	20,328
Land Improvements.....	877	171		1,048
Total Capital Assets	29,536	820	(1,171)	29,185
Less accumulated depreciation for:				
Equipment.....	(5,575)	(240)	964	(4,851)
Buildings & Building Improvements.....	(10,374)	(476)		(10,850)
Land Improvements.....	(699)	(21)		(720)
Total Accumulated Depreciation.....	(16,648)	(737)	964	(16,421)
Liquor Capital Assets, Net.....	\$ 12,888	\$ 83	\$ (207)	\$ 12,764
Lottery Commission:				
Equipment.....	\$ 500	\$ 18		\$ 518
Less Accumulated Depreciation for Equipment.....	(257)	(97)		(354)
Lottery's Capital Assets, Net.....	\$ 243	\$ (79)	\$ -	\$ 164

Current period depreciation expense was charged to functions of the primary government as follows (Expressed in Thousands):

Governmental Activities:	
General Government	\$ 6,003
Administration of Justice and Public Protection	14,521
Resource Protection and Development	8,893
Transportation	55,236
Health and Social Services	4,071
Education	3,604
Total Governmental Activities Depreciation Expense	<u>\$ 92,328</u>

The state possesses certain capital assets that have not been capitalized and depreciated, these assets include works of art and historical treasures such as statues, monuments, paintings and miscellaneous capitol-related artifacts and furnishings. These collections meet all of the following criteria.

- A. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- B. Protected, kept unencumbered, cared for, and preserved.
- C. Subject to an organizational policy that required the proceeds from the sales of collection items to be used to acquire other items for the collection.

Major Component Unit: The following is a rollforward of Capital Assets for the University of New Hampshire, (Expressed in Thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements.....	\$ 11,767	\$ 169		\$ 11,936
Building and Building Improvements.....	1,092,337	118,642		1,210,979
Equipment.....	121,451	9,403	\$ (4,281)	126,573
Construction in Progress.....	135,107	(21,978)		113,129
Subtotal.....	<u>\$1,360,662</u>	<u>\$ 106,236</u>	<u>\$ (4,281)</u>	<u>\$1,462,617</u>
Less: Accumulated Depreciation.....	(508,313)	(43,873)	4,093	(548,093)
Total.....	<u>\$ 852,349</u>	<u>\$ 62,363</u>	<u>\$ (188)</u>	<u>\$ 914,524</u>

5. LONG TERM-DEBT

PRIMARY GOVERNMENT

Bonds Authorized and Unissued: Bonds authorized and unissued amounted to \$324.7 million at June 30, 2009. The proceeds of the bonds will be applied to the following funds when issued (expressed in thousands):

Capital Projects Fund.....	\$ 133,686
Turnpike System.....	191,050
Total.....	<u>\$ 324,736</u>

Advance Refunding: The following is a summary of general obligation bonds and revenue bonds defeased by the primary government. The proceeds from each advance refunding issue were placed in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the state's financial statements (expressed in thousands):

Turnpike System: The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Treasurer with the approval of the Governor and Executive Council to issue up to \$586 million of bonds to support this project. The state has issued \$395 million of revenue bonds for this project.

Date of Advance Refunding	Amount Outstanding at June 30, 2009
Governmental Fund Types (General Obligation Bonds):	
December, 2006.....	\$ 82,760
Subtotal.....	<u>\$ 82,760</u>

Bond Issues:

On November 4, 2008, the state issued \$149.6 million of general obligation capital improvement bonds. The interest rates on these serial bonds range from 4.0% to 5.0%, and the maturity dates range from 2010 through 2025.

On March 11, 2009 the state issued \$29.8 million of general obligation refunding bonds. The maturity dates on these serial bonds range from 2009 through 2018. These bonds were used to refund \$29.2 million of outstanding bonds. The refunding resulted in \$1.65 million in savings on a cash basis, representing a 5.5% savings over the life of the issue as measured by a net present value basis.

Changes in Long-Term Liabilities: The following is a summary of the changes in the long-term liabilities for bonds, compensated absences, and uninsured claims as reported by the primary government during the fiscal year (expressed in thousands):

Governmental Activities	Beginning Balance	Accretion	Increases	Decreases	Ending Balance	Current	Long-Term
General Obligation Bonds Payable.....	\$ 735,176	\$ 3,814	\$ 179,380	\$ 108,137	\$ 810,233	\$ 85,123	\$ 725,110
Compensated Absences.....	71,889		64,750	57,684	78,955	19,410	59,545
Claims Payable.....	49,921		251,442	251,209	50,154	27,840	22,314
Other Postemployment Benefits.....	156,810		200,785	62,354	295,241	59,955	235,286
Pollution Remediation Obligation.....	33,192		28	4,037	29,183	2,508	26,675
Capital Lease.....	5,146		296	1,404	4,038	835	3,203
Total Governmental.....	\$ 1,052,134	\$ 3,814	\$ 696,681	\$ 376,688	\$ 954,241	\$ 195,671	\$ 758,570
Business-Type Activities							
Turnpike System							
General Obligation Bonds.....	\$ 2,821			\$ 1,520	\$ 1,301	\$ 624	\$ 677
Revenue Bonds.....	256,965			12,933	244,032	13,500	230,532
Pollution Remediation Obligation.....	3,600			600	3,000	-	3,000
Claims & Compensated Absences Payable.....	3,226		\$ 762	959	3,029	466	2,563
Total.....	\$ 266,612		\$ 762	\$ 16,012	\$ 251,362	\$ 14,590	\$ 236,772
Liquor Commission							
Capital Lease.....	\$ 487			\$ 123	\$ 364	\$ 127	\$ 237
Claims & Compensated Absences Payable.....	3,600		2,408	2,003	4,005	966	3,039
Total.....	\$ 4,087		\$ 2,408	\$ 2,126	\$ 4,369	\$ 1,093	\$ 3,276
Lottery Commission							
Claims & Compensated Absences Payable.....	\$ 421		\$ 386	\$ 308	\$ 499	\$ 120	\$ 379
Total.....	\$ 421		\$ 386	\$ 308	\$ 499	\$ 120	\$ 379
Total Business-Type.....	\$ 271,120		\$ 3,556	\$ 18,446	\$ 256,230	\$ 15,803	\$ 240,427

Bond Anticipation Notes: The state issues bond anticipation notes in advance of issuing general obligation bonds. The proceeds are deposited into the capital fund to fund various capital outlay projects. During the year ending June 30, 2009, the state had no bond anticipation notes outstanding.

Capital Appreciation Bonds: Six of the state's general obligation capital improvement bonds issued since November 1990 represent capital appreciation bonds (College Savings Bond Program) with interest being accrued and compounded semiannually. At June 30, 2009, the cumulative interest accretion since issuance for all six capital appreciation bonds is approximately \$148.1 million. The interest is not paid until the bonds mature, at which time the expenditure will be recorded.

Pollution Remediation Obligations: Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends superfund trust monies for cleanup. Currently there are six sites in various stages of cleanup, from initial assessment to cleanup activities. In addition, the State has other sites for which it is responsible for cleanup and monitoring, including underground fuel storage facilities. As a result of implementing GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, pollution liabilities of \$29.2 million were reported for June 30, 2009. These liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

Debt Maturity: All bonds issued by the state, except for Turnpike revenue bonds, are general obligation bonds, which are backed by the full faith and credit of the state. Interest rates on these issues range from 2.0% to 7.2%. Debt service payments on “self-liquidating” debt are funded by reimbursements from component units for debt issued by the state on their behalf and through user fees and other revenues statutorily earmarked to fund debt service payments on specific projects. The anticipated source of repayment and annual maturities are as follows (expressed in thousands):

Payable June 30,	SOURCE OF PRINCIPAL PAYMENTS						DEBT SERVICE		
	Governmental Activities				Business-Type Activities		TOTAL ALL FUNDS		
	General Fund	Highway Fund	Self Liquidating	Total	Turnpike System		Principal	Interest	Total
					General Obligation	Revenue			
2010.....	\$ 68,452	\$ 8,886	\$ 7,785	\$ 85,123	\$ 624	\$ 13,500	\$ 99,247	\$ 43,357	\$ 142,604
2011.....	65,578	8,781	7,613	81,972	584	14,710	97,266	40,049	137,315
2012.....	56,096	7,160	7,419	70,675		14,550	85,225	36,606	121,831
2013.....	48,713	6,899	7,231	62,843		16,950	79,793	33,241	113,034
2014.....	44,878	6,597	4,127	55,602		13,895	69,497	30,022	99,519
2015-2019.....	193,477	31,108	17,544	242,129		87,215	329,344	106,917	436,261
2020-2024.....	121,921	21,824	10,371	154,116		60,060	214,176	44,901	259,077
2025-2029.....	36,210	12,560	3,103	51,873		25,885	77,758	8,954	86,712
2030-2034.....									
Subtotal.....	\$ 635,325	\$ 103,815	\$ 65,193	\$ 804,333	\$ 1,208	\$ 246,765	\$ 1,052,306	\$ 344,047	\$ 1,396,353
Unamortized (Discount) / Premium	13,645	(584)	(660)	12,401	93	6,273	18,767		18,767
Unamortized Loss on Refunding	(6,501)			(6,501)		(9,006)	(15,507)		(15,507)
Total.....	\$ 642,469	\$ 103,231	\$ 64,533	\$ 810,233	\$ 1,301	\$ 244,032	\$ 1,055,566	\$ 344,047	\$ 1,399,613

MAJOR COMPONENT UNIT

Changes in Long-Term Liabilities: The University System of New Hampshire's long term liabilities include: Revenue Bonds Payable of \$455.8 million; capital lease obligations of \$19.0 million; accrued employee benefits and compensated absences of \$38.5 million; other postemployment benefits of \$47.2 million; and other liabilities of \$19.0 million.

The following is a summary of the changes in the long-term liabilities as reported by the University of New Hampshire during the fiscal year : (Expressed in Thousands)

	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
University System of NH.....	\$ 565,621	\$ 127,626	\$ 113,619	\$ 579,628	\$ 83,872	\$ 495,756

Payable June 30,	UNIVERSITY SYSTEM OF N.H.		
	Principal	Interest	Total
2010.....	\$ 71,090	\$ 17,485	\$ 88,575
2011.....	9,463	20,656	30,119
2012.....	9,938	20,386	30,324
2013.....	10,503	19,657	30,160
2014.....	10,113	19,326	29,439
2015-2019.....	150,877	81,417	232,294
2020-2024.....	118,407	45,607	164,014
2025-2029.....	40,874	22,345	63,219
2030-2034.....	43,635	11,438	55,073
2035-2039.....	10,150	1,470	11,620
Subtotal.....	475,050	259,787	734,837
Unamortized Discount.....	(172)		(172)
Total.....	\$ 474,878	\$ 259,787	\$ 734,665

Debt Maturity: The table on the left is a summary of the annual principal payments and total debt service relating to the debt of the University of New Hampshire and includes revenue bonds and capital leases (expressed in thousands):

6. RISK MANAGEMENT AND INSURANCE

The state is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and natural disasters. The state primarily retains the risk of loss except where the provisions of law allow for the purchase of commercial insurance or where risk assessment has indicated that commercial insurance is economical and beneficial for the general public. There are approximately 20 such commercial insurance programs in effect, which include fleet automobile liability, ski area liability for Cannon Mountain, and a fidelity and faithful performance bond. Settled claims under these insurance programs have not exceeded commercial insurance coverage in any of the last three years.

During fiscal year 2004, the state established an Employee Benefit Risk Management Fund, an internal service fund, to account for its uninsured risks of loss related to employee and retiree health benefits. Under this program, the Fund provides coverage for up to a maximum of \$0.5 million for each employee per year. The state has purchased commercial insurance for claims in excess of coverage provided, as well as, aggregate stop loss liability coverage set at 125% of the state's total expected claims per contract year.

Reserves are maintained for claim liabilities not covered by commercial insurance when a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include estimations for claims that have been incurred but not reported. The balance of claim liabilities is determined by an analysis of past, current, and future estimated loss experience. The process used in computing claim liabilities may not result in an exact payout amount due to variables such as inflation, changes in legal doctrine (or statutory and case law) and damage awards. Claim liabilities are evaluated periodically to take into consideration recently settled claims, claim frequency and severity as well as current economic and social factors.

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2008 and 2009 (In Thousands):

Governmental Activities	6/30/2007 Balance	Increases	Decreases	6/30/2008 Balance	Increases	Decreases	6/30/2009 Balance	Current	Long-Term
Workers Compensation Claims Payable.....	\$ 31,023	\$ 2,656	\$ 4,750	\$ 28,929	\$ 4,640	\$ 6,165	\$ 27,404	\$ 5,090	\$ 22,314
Health Claims Payable*.....	19,589	226,613	225,210	20,992	246,802	245,044	22,750	22,750	
Total.....	\$ 50,612	\$ 229,269	\$ 229,960	\$ 49,921	\$ 251,442	\$ 251,209	\$ 50,154	\$ 27,840	\$ 22,314
Business-Type Activities									
<i>Turnpike System</i>									
Workers Compensation Claims Payable.....	\$ 2,594		\$ 276	\$ 2,318		\$ 273	\$ 2,045	\$ 224	\$ 1,821
Total.....	\$ 2,594		\$ 276	\$ 2,318		\$ 273	\$ 2,045	\$ 224	\$ 1,821
<i>Liquor Commission</i>									
Workers Compensation Claims Payable.....	\$ 1,588	\$ 460	\$ 397	\$ 1,651	\$ 767	\$ 530	\$ 1,888	\$ 446	\$ 1,442
Total.....	\$ 1,588	\$ 460	\$ 397	\$ 1,651	\$ 767	\$ 530	\$ 1,888	\$ 446	\$ 1,442
<i>Lottery Commission</i>									
Workers Compensation Claims Payable.....	\$ 12	\$ 3	\$ 2	\$ 13			\$ 13		\$ 13
Total.....	\$ 12	\$ 3	\$ 2	\$ 13			\$ 13		\$ 13
Total Business-Type.....	\$ 4,194	\$ 463	\$ 675	\$ 3,982	\$ 767	\$ 803	\$ 3,946	\$ 670	\$ 3,276

* Health Claims Payable is recorded in the Internal Service Fund

7. INTERFUND RECEIVABLES AND PAYABLES

Due From or To Other Funds for the primary government on the fund financial statements represent amounts related to year end transfers of surplus or profits between intragovernmental entities or funds and consist of the following as of June 30, 2009 (expressed in thousands):

RECEIVABLES / DUE FROM	AMOUNT	PAYABLES / DUE TO	AMOUNT
General Fund.....	\$ 48,171	Non Major Fund.....	\$ 48,171
General Fund.....	9,668	Highway Fund.....	9,668
General Fund.....	15,920	Education Fund.....	15,920
Highway Fund.....	513	Turnpike Fund.....	513
Liquor Commission.....	13,028	General Fund.....	13,028
Lottery Commission.....	22	Education Fund.....	22
Lottery Commission.....	39	General Fund.....	39
Lottery Commission.....	357	Liquor Commission.....	357
Total.....	<u>\$ 87,718</u>	Total.....	<u>\$ 87,718</u>

The net due from or to other funds for the primary government has been reported as "internal balances" in the government-wide financial statements. The governmental payable of \$12.6 million to business-type activities represents the "internal balances" amount on the statement of net assets. The \$73.8 million between governmental funds has been eliminated on the government-wide financial statements.

Due from Component Units: As of June 30, 2009, the cumulative balance of outstanding loans plus accrued interest to the Pease Development Authority (PDA) amounted to \$11.4 million. The balance has been offset by a corresponding amount of deferred revenue in the General Fund Financial Statements.

8. INTERFUND TRANSFERS

Interfund transfers during the current fiscal year were as follows (expressed in thousands):

Transferred From	Transferred To				
	General Fund	Highway Fund	Education Fund	Non-Major Funds	Total Governmental Fund
Governmental Funds					
General Fund.....		\$ 1,750	\$ 52,938	\$ 550	\$ 55,238
Highway Fund.....	\$ 1,565			1,655	3,220
Total Governmental Funds.....	* 1,565	1,750	52,938	* 2,205	* 58,458
Proprietary - Enterprise Funds					
Liquor Commission.....	121,687				121,687
Lottery Commission.....	1,439		69,619		71,058
Total Proprietary - Enterprise Funds.....	\$ 123,126		\$ 69,619		\$ 192,745

*These Amounts have been eliminated within governmental activities on the government-wide financial statements.

The following transfers represent sources of funding identified through the state's operating budget:

- \$1.7 million transfer from general fund to highway fund in accordance with the laws of 2007 Chapter 262:26.
- Transfer of Lottery Commission profits of \$69.6 million to fund education
- Transfer of Liquor Commission profits of \$121.7 million to general fund for government operations
- \$52.9 million transfer from general fund to eliminate education fund deficit

Pursuant to RSA 260:61, \$0.8 million transfer from highway fund to fish and game fund for the Bureau Off Highway Recreational Vehicle (BOHRV) Grant.

Pursuant to RSA 260:60, \$1.7 million of unrefunded gas tax in the highway fund was transferred on a 50/50 basis to the general and fish & game funds.

9. UNDESIGNATED FUND BALANCE (DEFICIT) and CONTRACTUAL COMMITMENTS

Capital Projects Fund: The June 30, 2009, unreserved, undesignated deficit of the Capital Projects Fund was \$132.9 million. The Capital Projects Fund accounts for multi-year capital projects which will be primarily financed by bond proceeds. The project costs are appropriated when the project is approved. Bonds are issued as the expenditures are expected to be incurred. As of June 30, 2009, bonds authorized and unissued for the Capital Projects Fund amounted to \$133.7 million.

Contractual Commitments: The state has estimated its share of contractual obligations for construction contracts to be \$121.3 million at June 30, 2009. This represents total obligations of \$336.3 million less \$215.0 million in estimated federal and local aid.

10. EMPLOYEE BENEFIT PLANS

NEW HAMPSHIRE RETIREMENT SYSTEM

Plan Description: The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer Public Employee Retirement System (The Plan) established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. The Plan is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. The Plan covers substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and police officers within the state of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. The Plan is divided into two membership groups. Group I consists of state and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to its members and beneficiaries.

Group I members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is $1/60$ (1.67%) of average final compensation multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at $1/66$ (1.5%) of AFC multiplied by years of creditable service. Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years.

Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation, service, or both.

Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, the New Hampshire Retirement System also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

A special account has been established by RSA 100-A:16, II(h) for additional benefits. Prior to fiscal year 2007 the account was credited with all of the earnings of the account assets in the account plus the earnings of the remaining assets of the plan in excess of the assumed rate of return plus $1/2$ of 1 percent.

During fiscal year 2007, legislation was passed that permits the transfer of assets into the special account for earnings in excess of 10 $1/2$ percent as long as the actuary determines the funded ratio of the consolidated retirement system to be at least 85 percent. If the funded ratio of the system is less than 85 percent, no assets will be transferred to the special account.

The New Hampshire Retirement System issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their web site at <http://www.nhrs.org>.

Funding Policy: The Plan is financed by contributions from the members, the state and local employers, and investment earnings. In fiscal year 2009, by statute, Group I members contributed 5.0% of gross earnings. Group II members contributed 9.3% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the system's actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The state's share represents 100% of the employer cost for all state employees, and 35% of the employer cost for teachers, firefighters, and police officers employed by political subdivisions. The state does not participate in funding the employer cost of other political subdivision employees.

The state's contributions to the plan for the years ending June 30, 2009, 2008, and 2007 were \$111.5 million, \$106.8 million, and \$78.1 million, respectively. The state's contributions for the fiscal year ended June 30, 2009 increased over the amounts contributed for the fiscal year ended June 30, 2008 due to an increase in member compensation.

As of June 30, 2009, the date of the most recent actuarial valuation, the net assets available to pay pension benefits, at fair value, were reported by the New Hampshire Retirement System to be \$4,937 million. The total pension liability at June 30, 2009 using the entry age normal actuarial cost method was \$8,475 million, resulting in a funded ratio of 58.3% and projected pension liability in excess of assets of \$3,538 million.

OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, RSA 21-I:30 specifies that the state provide certain health care insurance benefits for retired employees. These benefits include group hospitalization, hospital medical care, and surgical care. Substantially all of the state's employees who were hired on or before June 30, 2003 and have 10 years of service, may become eligible for these benefits if they reach normal retirement age while working for the state and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires state Group I employees hired on or after July 1, 2003 to have 20 years of state service in order to qualify for health insurance benefits. These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, which is the state's self-insurance fund implemented in October 2003 for active state employees and retirees. The state recognizes the cost of providing benefits by paying actuarially determined insurance contributions into the fund. An additional major source of funding for retiree benefits is from the New Hampshire Retirement System's medical premium subsidy program for Group I and Group II employees, which totaled approximately \$15.0 million for the fiscal year ended June 30, 2009.

The Governmental Accounting Standards Board (GASB) issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement 45, was implemented by the state during fiscal year 2008, and requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements.

The State Legislature currently plans to only partially fund (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2009 (dollar amounts in thousands):

Annual Required Contribution/OPEB Cost	\$ 193,729
Interest on net OPEB obligation	7,056
Adjustment to annual required contribution	(5,343)
Annual OPEB cost	195,442
Contributions made (pay-as-you-go)	(57,011)
Increase in Net OPEB Obligation	138,431
Net OPEB Obligation - Beginning of Year	156,810
Net OPEB Obligation - End of Year	\$ 295,241

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 was as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
06/30/09	\$ 195,442	\$ 57,011	29.17%	\$ 138,431

As of June 30, 2008, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$2,470.5 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,470.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$586.9 million during fiscal year 2009, and the ratio of the UAAL to the covered payroll was 421 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return per annum. The projected annual healthcare cost trend is 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2008, was thirty years.

JUDICIAL RETIREMENT PLAN

Plan Description: The New Hampshire Judicial Retirement Plan (the Plan) was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. The Plan is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the state.

The Plan is administered by an appointed Board of Trustees (Board), separate from the New Hampshire Retirement System, but certain daily administrative functions of the plan have been delegated by the Board to the New Hampshire Retirement System such as retirement request processing, member record maintenance and serving as the Plan's information center. The Plan has one employee. All employer and member contributions are deposited into separate trust funds that are managed and controlled by the Board of Trustees of the Plan. Any member of the Plan who has at least 15 years of creditable service and who is at least 60 years old is entitled to retirement benefits equal to 70% of the member's final year's salary.

Any member of the Plan who has at least 10 years of creditable service and who is at least 65 years old is entitled to retirement benefits equal to 75% of the member's final year's salary. Any member who has at least 7 years of creditable service and who is at least 70 years old is entitled to retirement benefits equal to 45% of the member's final year's salary. A member who is at least 70 years old shall be granted an additional 10% over the 45% level for each year of creditable service that a member has over 7 years. A member who is at least 60 years old with at least 15 years of service is entitled to 70% of the member's final year's salary, plus an additional 1% for each year of additional service in excess of 15 years.

However, under no circumstances shall any retirement benefit exceed 75% of the member's final year's salary. For purposes of determining the above benefit, the member's final salary is equal to compensation earned in the prior 12-month period in which the employee was a member of the plan.

Funding Policy: The Plan is financed by contributions from the members and the state. Pursuant to Chapter 311, Laws of 2003, on January 19, 2005, the state issued \$42.8 million of general obligation bonds in order to fund the Plan's initial unfunded accrued liability. All eligible judges are required to contribute 10% of their salaries to the Plan until they become eligible for a service retirement equal to 75% of their final year's salary. For the bienniums beginning July 1, 2007 and July 1, 2005, the state was required to contribute 19.68% and 17.18%, respectively, of the members' salary.

As of January 1, 2008, the date of the most recent actuarial valuation, the net assets available to pay retirement benefits, at fair value, were reported by the Plan to be \$50.6 million. The total retirement benefit liability using the entry age normal actuarial cost method was \$54.9 million, resulting in a funded ratio of 92% and projected liability in excess of assets of \$4.3 million. Actuarial assumptions used in the valuation include the 1994 Group Annuity Mortality Table, an investment return of 8.0% and salary growth of 3.0%.

COMPONENT UNITS

Eligible employees of the New Hampshire Retirement System, Pease Development Authority, and Community College System of New Hampshire participate in the PERS and additional disclosure about their participation is available in the NHRS audited financial statements. Employees of the New Hampshire Community Development Finance Authority, the Business Finance Authority, and the University System of New Hampshire are not members of the New Hampshire Retirement System, but participate in their own defined contribution plans.

11. CONTINGENT AND LIMITED LIABILITIES

PRIMARY GOVERNMENT

Contingent Liabilities: The state of New Hampshire is contingently liable, within statutory legal limits, for bonds sold by municipalities, school districts, and for first mortgages on industrial and recreational property that contain the guarantee of the state of New Hampshire. The following table shows the composition of the state's \$88.5 million of contingent liabilities and the statutory limits as of June 30, 2009 (expressed in thousands):

	RSA	Guarantee Limit	Remaining Capacity	June 30, 2009		
				PRINCIPAL	INTEREST	TOTAL
Water Pollution Bonds.....	485-A:7	\$ 50,000	\$ 36,998	\$ 11,425	\$ 1,577	\$ 13,002
Business Finance Authority (BFA) - General Obligation.....	162-A:17	25,000	**	20,000	7,993	27,993
Business Finance Authority (BFA) - Additional State Guarantee.....	162-I:9-b	50,000	**	35,437	296	35,733
Business Finance Authority (BFA) - Unified Contingent Credit Limit.....	162-A:22	95,000	* 39,563	55,437	8,289	63,726
School Construction Bonds.....	195-C:2	30,000	18,450	6,988	4,562	11,550
Solid Waste Bonds.....	149-M:31	10,000	9,730	235	35	270
Super Fund Site Cleanup Bonds.....	33:3-f	20,000	* 20,000			
Water Resources Council Bonds.....	481:19	5,000	5,000			
Housing Finance Authority Child Care Loans.....	204-C:79	300	300			
TOTALS.....		\$ 210,300	\$ 130,041	\$ 74,085	\$ 14,463	\$ 88,548

*Plus Interest

**Plus interest (guarantee limit under this section is included in and also limited by RSA 162-A:22)

Limited Liabilities with the Pease Development Authority (PDA):

The state has statutory authority to guarantee bonds issued by the PDA, within certain limits, and advance money to the PDA, through both interest and non-interest bearing loans. In addition, RSA 12-G:17 authorizes the issuance of up to \$250.0 million in bonds backed solely by the credit of the PDA. The table below highlights the legal limits of state guarantees and loans relative to the PDA as of June 30, 2009 (expressed in thousands):

	(1) RSA 12-G:31	(2) RSA 12-G:33	(3) RSA 12-G:34	(4) RSA 12-G:35
Legal Limit	\$ 70,000	\$ 35,000	\$ 5,000	\$ 10,000
Debt Guaranteed Now Assumed by State				
Business Express Airlines.....	10,000			
Atlantic Coast Airlines.....	1,000			
Amount Bonded By State and Loaned to PDA				
Operating Budget FY92 (V161).....	2,800			
Operating Budget FY93 (V161).....	3,800			
Operating Budget FY93 (V165).....	1,000			
Matching Grants Econ. Dev. (V165).....			5,000	
Lonza (Celltech).....	29,990			
Amount Borrowed By PDA and Guaranteed By State				
Bond Anticipation Notes.....	5,000			
Line of Credit.....	2,500			
Remaining Capacity	\$ 13,910	\$ 35,000	\$ -	\$ 10,000

(1) RSA 12-G:31 - \$70 million in bonds may be guaranteed by the state for airport projects or the state can make loans by issuing bonds.

(2) RSA 12-G:33 - \$35 million in bonds may be guaranteed by the state to develop a research district.

(3) RSA 12-G:34 - \$5 million in bonds may be issued and loaned to provide matching grants for FAA and EDA grants.

(4) RSA 12-G:35 - \$10 million in bonds may be issued and loaned to provide matching to private grants for development of research district.

PDA: Semiannually, PDA makes payments to the state for the Lonza (Celltech) loans and the state pays the debt service payments. The amount outstanding as of June 30, 2009 relative to the Lonza (Celltech) loans is \$12.8 million (representing principal \$11.0 million and interest \$1.8 million).

Federal Grants: The state receives federal grants, which are subject to review and audit by the grantor agencies. Access to

these resources is generally conditional upon compliance with terms and conditions of grant agreements and applicable regulations, including expenditure of resources for allowable purposes. Any disallowances resulting from the audit may become the liability of the state. The state estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

12. LEASE COMMITMENTS**OPERATING LEASES**

The state has lease commitments for space requirements which are accounted for as operating leases. These leases, subject to continuing appropriation, extend forward a number of years and may contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 2009 for governmental activities and business-type activities were approximately \$10.3 million and \$3.5 million, respectively. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2009 (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2010.....	\$ 9,041	\$ 2,915
2011.....	5,436	2,688
2012.....	4,083	2,352
2013.....	3,272	2,034
2014.....	2,112	1,271
2015-2019.....	2,999	2,843
2020-2024.....	242	27
Total.....	<u>\$ 27,185</u>	<u>\$ 14,130</u>

CAPITAL LEASES

The state has entered into lease agreements as lessee for financing the acquisition of buildings and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The future minimum lease payments and the net present value of those payments at June 30, 2009, are as follows (in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2010.....	\$ 1,016	\$ 141
2011.....	799	141
2012.....	624	109
2013.....	466	
2014.....	346	
2015-2019.....	1,230	
2020-2024.....	418	
Total.....	4,899	391
Amount Representing Interest.....	(861)	(27)
Present Value of Minimum Lease Payments.....	<u>\$ 4,038</u>	<u>\$ 364</u>

The assets acquired through capital leases and included in capital assets at June 30, 2009 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Equipment.....	\$ 5,657	\$ 563
Buildings & Building Improvements..	9,996	1,129
Total.....	15,653	1,692
Less: Accumulated Depreciation....	(12,777)	(986)
Net.....	<u>\$ 2,876</u>	<u>\$ 706</u>

13. LITIGATION

Georgia Tuttle, M.D., et al v. NH Medical Malpractice Joint Underwriting Association, et al, and Georgia Tuttle, M.D., et al v. State

The consolidated cases of Georgia Tuttle, M.D., et al v. NH Medical Malpractice Joint Underwriting Association, et al, and Georgia Tuttle, M.D., et al v. State, raise constitutional challenges to Chapter 144, Laws of 2009 ("HB 2"), approved on June 30, 2009, as part of the state's budget for the 2010-2011 biennium. Under Section 1 of HB 2 ("Chapter 144:1"), the Legislature appropriated \$110 million from the New Hampshire Medical Malpractice Joint Underwriting Association (The "JUA") to be deposited in the General Fund and used for "the purpose of supporting programs that promote access to needed health care for underserved persons." Of the \$110 million, \$65 million was scheduled to be transferred to the General Fund by July 31, 2009. The JUA is a medical malpractice insurer, created in accordance with RSA 404-C, to provide medical malpractice insurance to the state's health care providers. The JUA fund has accumulated more than \$150 million, much of which has been determined to be surplus. The Legislature found that \$110 million, distributed over three years, would not impact the stability of the JUA fund or its responsibilities to its policyholders.

The petitioners in these cases are JUA policyholders who claim that they have rights to dividends from any surplus held in the JUA fund. The petitioners filed a petition for declaratory judgment alleging that Chapter 144:1 is unconstitutional; a petition for mandamus and restraining order to prevent the transfer of the JUA funds to the General Fund and a request that a dividend be ordered to the policyholders; and a petition to attach the JUA fund. On July 29, 2009, the Superior Court found the law requiring the transfer of \$110 million from the JUA to the General Fund under HB 2 was unconstitutional. The Court found that the JUA is not a State entity and that the JUA policyholders have a vested property right in the funds held by the JUA. On August 4, 2009, the state filed a notice of appeal with the New Hampshire Supreme Court. Oral argument was held on October 15, 2009. The state cannot predict the outcome of this matter.

State of New Hampshire v. Philip Morris USA, RJ Reynolds, Inc. and Lorillard Tobacco Company

This case was originally filed as a Petition for a Declaratory Order in Superior Court. The defendants are signatories to the Tobacco Master Settlement Agreement ("MSA") under which the defendants are required to make annual payments to all of the states, including the State of New Hampshire. The annual payments received since 2006 have been approximately \$5 million below the required payment amount. The defendants have been withholding portions of their payment under protest claiming that the state failed to diligently enforce the non-participating tobacco manufacturers' obligation to make an escrow payment of an amount meant to mitigate a market advantage to non-participation. The Supreme Court affirmed the ruling of the trial court on June 22, 2007 that all issues would proceed to arbitration. The arbitrations for all states are expected to begin in the Spring, 2010, and are expected to last at least six months. The tobacco companies are seeking recovery of up to the entire payment made to the state under the MSA, or approximately \$45 million. The state is unable to predict the outcome at this time.

State of New Hampshire v. Amerada Hess, et al.

The state filed this claim for damages, injunctive relief and civil penalties against major oil companies as a result of statewide contamination of drinking water with the gasoline additive Methyl tertiary-butyl ether ("MTBE"). The defendants attempted to remove the case to federal court. The state was successful in its argument that the case should be heard in the state court and the case was remanded to the Merrimack County Superior Court. The case is still at its early stages and extensive discovery will likely occur before the case is tried. Although the state has not identified a specific dollar amount in its damage claims, successful adjudication or settlement of the state's claims would likely exceed \$2 million. On September 17, 2008, the trial court granted the defendants' Motion to Dismiss as it related to the state's claim based on nuisance. The Court denied the defendants' Motion to Dismiss the other counts of the state's Petition. On September 30, 2008, the trial court granted the state's Motion to Dismiss the defendants' counterclaims. At this time, it is not possible to predict the outcome of this matter or the amount, if any, that the state would recover through court judgment or settlement.

New Hampshire Association of Counties, et al. v. Commissioner of Department of Health and Human Services ("NHAC I")

Some of the state's ten Counties (the "Plaintiff Counties") challenged the Department of Health and Human Services' (DHHS) decision holding them responsible for paying a share of the cost of Medicaid payments for clients receiving Old Age Assistance (OAA) or Aid to the Permanently and Totally Disabled (APTD). Under RSA 167:18-b, the counties are liable for one-half of the state's expenditures for OAA and APTD recipients who are "in nursing homes." DHHS believed that RSA 167:18-b also allowed it to bill the Plaintiff Counties for nursing services that are provided to recipients who are in institutions, such as rehabilitation hospitals, that are not licensed as "nursing homes" but are certified under Medicaid as nursing facilities authorized to provide nursing level care. DHHS has been billing the Plaintiff Counties for these services since at least 2002.

The second issue raised by the Plaintiff Counties was whether DHHS exceeded the statutory cap on the total amount that the Plaintiff Counties can be billed under RSA 167:18-b in fiscal year 2004. RSA 167:18-b establishes a \$60 million cap on the total liability for the Plaintiff Counties under this section of the statute. The legal dispute is whether that figure should be interpreted as a gross amount or a net amount. In 2004, the total amount of the bills sent to the Plaintiff Counties for their share of payments under RSA 167:18-b was approximately \$62 million. However, DHHS gave the Plaintiff Counties approximately \$2 million in statutory credits, thereby bringing the total owed to \$60 million. The Plaintiff Counties refused to pay the total amount, claiming that the statute limits the total amount that can be "billed" to the Plaintiff Counties at \$60 million, and therefore the credits should have been subtracted from the \$60 million, thereby limiting their liability to \$58 million.

The parties filed cross-motions for summary judgment and on October 27, 2006, the Merrimack County Superior Court granted summary judgment in favor of the Plaintiff Counties on both issues. DHHS filed a notice of appeal in November 2006.

On August 17, 2007 the Supreme Court issued an order in which it vacated the majority of the lower courts decision, affirmed it in part, and remanded it back to the lower court for additional factual findings.

Most significantly, the Supreme Court held that the term "nursing home" in RSA 167-18-b means any institution certified by the federal Medicaid program to provide nursing facility services.

The Supreme Court also ruled that the cap provisions should be understood as limiting the Counties overall liability at \$58 million. The Supreme Court held that since there was insufficient evidence in the record as to how much the Plaintiff Counties have reimbursed the state during the relevant period, the matter would need to be sent back to the trial court for further proceedings. The matter was remanded to the Merrimack County Superior Court, and cross motions for summary judgment were filed on January 31, 2009. On May 4, 2009, the Merrimack County Superior Court granted the state's motion for summary judgment finding the counties incorrectly withheld \$2 million, which the Plaintiff Counties had agreed not to appeal. However, on June 17, 2009, the court issued a final judgment awarding the state \$2 million in damages plus \$0.5 million in statutory interest. The counties filed a motion for reconsideration asking the court to reconsider awarding statutory interest in the matter. On August 14, 2009, the Superior Court issued an order withdrawing its award of \$0.5 million based on the fact that it was a declaratory judgment matter, under which interest is not typically awarded.

Rates paid by the Division of Children, Youth and Families ("DCYF")

Two cases in the New Hampshire Supreme Court involved rates paid by the Division of Children, Youth and Families ("DCYF"). The first *Appeals of: Chase Home for the Children, Child and Family Services; Hannah House, NFI North, Odyssey Home, Orion Home, and Pine Haven Boys Center*, involved the fiscal year 2004-2005 rates paid to residential child care facilities. The Hearings Panel, established pursuant to RSA 170-G:4-a, ruled that DCYF should have set the rates in accord with certain administrative rules. The hearings officer ordered DCYF to pay the higher rates but determined that he had no authority to order DCYF to pay them retroactively. The facilities appealed the ruling regarding denial of the retroactive payments.

The second case is *Petition of the Division of Children, Youth and Families*, in which DCYF is challenging a decision by the Hearing Panel ruling that DCYF is required to pay a 5% rate increase using the administrative rules rate as the base rate, retroactive to July 1, 2005. DCYF appealed so that the issues on appeal include whether the 5% rate increase should be calculated from the administrative rules rate as the base rate and whether the state may be required to pay retroactively. Both sides filed briefs and oral arguments occurred in April, 2007.

In the first case, *Appeals of: Chase Home, et al.*, the Supreme Court held, on June 8, 2007, that the hearings officer had the authority to establish residential rates and determine when the rates become effective, but did not have the authority to order DHHS to make retroactive payments at the recalculated rate levels. No payment by the state was ordered.

In the second case, *Petition of the Division of Children, Youth and Families*, the Supreme Court held, on June 15, 2007, that the Hearing Panel's decisions to establish the rate at the 2005 calculated rate plus 5%, and to set the effective date of the rate at July 1, 2005, were proper, but that the Hearing Panel's order requiring DCYF to render payment was beyond the scope of its authority and vacated that part of the decision.

These cases are now concluded and no payment was ordered. However, on November 7, 2007, the seven residential childcare providers initiated a new suit at Merrimack County Superior Court against DCYF, *Chase Home et al v. DCYF*. The claims include for 1) breach of contract, 2) breach of implied covenant of good faith and fair dealing, 3) unconstitutional taking, and 4) deprivation of rights under 42 U.S.C. §1983. The petitioners sought retroactive payment of more than \$3 million as well as costs and attorneys' fees. The state filed a motion for summary judgment on the grounds that DCYF does not have a contractual relationship with the providers, and that it did not engage in any unconstitutional taking of property. On December 5, 2008 the petitioners filed a motion to amend their complaint to state a separate claim based on DCYF's statutory obligation to pay for residential childcare services provided under certain provisions of state law. Following the petitioners motion to amend its complaint, DCYF withdrew its motion for summary judgment. DCYF re-filed its motion for summary judgment on March 2, 2009. The petitioners sought to amend their complaint again to include allegations that the Medicaid provider services agreements are express contracts.

The court allowed them to amend and the state re-filed its motion for summary judgment on July 20, 2009. The court denied the motion for summary judgment and granted in part the petitioner's motion giving collateral estoppel effect to the 2006 hearing officer finding that there was sufficient money in the budget to pay the three petitioners that had appealed in that year. The trial scheduled for November 2009 has been continued until the court rules on the State's motion for interlocutory transfer related to the summary judgment ruling. At this time, it is not possible to predict the outcome of these matters or the amount, if any, DCYF will be required to pay.

Review of New Hampshire's Medicaid Disproportionate Share Hospital Payments

By letter dated July 9, 2007, the New Hampshire Department of Health and Human Services ("DHHS") received a final report from the Office of Inspector General ("OIG") regarding an audit of DHHS's disproportionate share hospital ("DSH") payments during federal fiscal year 2004. The report found that the \$35 million federal share for federal fiscal year 2004 was unallowable on grounds that the state's cost to charge ratio was inflated. The report recommended that the federal share be refunded and that the state work with the Centers for Medicare and Medicaid Services ("CMS") to review DHS payments claimed after the audit period and refund any overpayments.

Based on the state's response to a previously transmitted draft report, the OIG reduced the amount it recommended for repayment in the July 9, 2007 final report by approximately \$9 million. The draft report had recommended repayment of \$44 million.

In October 2009, the DHHS received a notice of Disallowance from CMS indicating that it concurred with the OIG findings. The notice indicated that CMS is disallowing \$35 million in federal funds for federal fiscal year 2004. The letter also confirms that the State may appeal the disallowance to the Federal Departmental Appeals Board and elect to retain the funds pending appeal. The state has filed an appeal of the disallowance. At this time, it is not possible to predict the outcome of this matter. A similar situation does exist for federal fiscal years 2005 through 2009, although amounts, if any, have not been determined and no formal disallowance has been received.

New Hampshire Health Care Association et al v. Governor et al

In February 2009, a group of private nursing homes and an industry association petitioned the New Hampshire Supreme Court for a writ of mandamus and declaratory relief alleging that Chapter 129 of the Laws of 2007 provided that any funds remaining in the nursing home appropriation of the state at the end of fiscal year 2007 were to be paid to the nursing homes as supplemental Medicaid reimbursements.

The Governor received the Legislative Fiscal Committee's approval to eliminate these payments as part of a budget reduction process. Approximately \$2 million in state general fund money remained in the account at the end of fiscal year 2007. In 2007 the source of funds for nursing home Medicaid payments was 50% Federal, 25% State and 25% County. Under certain conditions, the State is required to pay the counties' share of nursing home expenses if the counties reached the established cap for their payments. The plaintiffs claimed they were owed approximately \$4 million. The nursing homes also challenged another \$2 million reduction of state funds in their fiscal year 2009 appropriation. The nursing homes alleged that these actions by the Governor, with the Legislative Fiscal Committee's approval, violated the New Hampshire Constitution by infringing upon the legislative power of the Legislature. Upon motion by the state, the New Hampshire Supreme Court dismissed the case.

On or about May 19, 2009, the plaintiffs refiled their action in Superior Court, again seeking mandamus and declaratory relief. The plaintiffs also requested a preliminary injunction temporarily enjoining the lapse of the disputed funds. On June 30, 2009, the Superior Court issued a preliminary order enjoining the lapse of the Chapter 129 funds pending the outcome of the litigation. The Court found that the plaintiffs had shown a likelihood of success on the merits of their claim to the Chapter 129 funds, but not as to remainder of their lawsuit, including their challenge to the authority of the Governor, with the approval of Fiscal Committee, to implement budget reductions. The Court also ruled in response to a Motion to Clarify that the state is required to carry the Chapter 129 funds, which is identified as \$9 million, on its books as nonlapsing. In October 2009, the plaintiffs filed a motion for partial summary judgment on their claim to the Chapter 129 funds. The State objected, and filed a cross motion for partial summary judgment on the same claim. The plaintiffs have also moved to amend their petition to add a contract claim and to seek class certification. At this time, the State cannot predict the outcome of this matter or the State's potential exposure. No trial date is scheduled.

Review of NH's Medicaid Payments for Skilled Professional Medical Personnel

By letter dated July 22, 2008, the New Hampshire Department of Health and Human Services ("DHHS") received a confidential draft report from the Office of Inspector General ("OIG") regarding an audit of DHHS' Medicaid payments for skilled professional medical personnel at the enhanced rate for the period from October 1, 2004 through September 30, 2006. The draft report found that \$1 million was unallowable on grounds that the state should have claimed these costs at the standard 50-percent rate rather than at the enhanced 75-percent rate.

The draft report recommended that this amount be refunded to the Federal Government and that DHHS develop an approved methodology to allocate costs for personnel whose time and effort are split between different functions. DHHS responded to the confidential draft report on September 24, 2008 stating its disagreement with the draft findings and recommendation. OIG issued a final report reiterating its findings and recommendations from the draft report. OIG recommended that the state refund personnel costs claimed at the enhanced rate in the amount of \$1 million. At this time it is not possible to predict whether or to what extent CMS will take action with regard to disallowance of any federal participation.

OTHER LITIGATION

The state, its agencies and employees are defendants in numerous other lawsuits. Although the Attorney General is unable to predict the ultimate outcomes of these suits, in the opinion of the Attorney General and the Commissioner of Administrative Services, the likelihood of such litigation resulting, either individually or in the aggregate, in final judgments against the state, which would materially affect its financial position, is remote. Accordingly no provision for such ultimate liability, if any, has been made in the financial statements.

14. HIGHWAY

The highway fund is comprised of two accounts, an operating account and capital account. The capital account is primarily comprised of four main construction accounts (federal construction aid, state aid, municipal bridge and betterment). The operating account represents the total highway fund less the capital account activities. Except for the betterment account, cash raised from current year revenue transactions, such as gasoline road toll, licenses, fees etc, are maintained in the operating account and transferred to the capital accounts on demand as cash is needed to fund current year costs. By law, the betterment account receives a cash transfer each month, representing 88% of 3 cents of the gasoline road toll tax. For the Biennium ending June 30, 2009, 1 cent of betterment was credited to the operating account to pay principal and interest for bond proceeds over the same time period. The unaudited, unreserved deficit for the capital and operating accounts and the total highway fund, at June 30, 2009 were as follows (expressed in millions):

	Capital Account	Operating Account	Total Highway Fund
Unreserved Deficit	\$ (40.4)	\$ (14.5)	\$ (54.9)

The unaudited deficit in the capital account at June 30, 2009 exists primarily because funds are appropriated from the current year fund balance for multi-year highway construction projects. Although the state will receive reimbursements from federal and local sources in future years, after the actual cash disbursements have occurred, the total project cost is a charge against the fund balance at the time the project is approved.

The unaudited deficit in the operating account at June 30, 2009 was \$14.5 million. Future projects, where no contract has been approved and appropriated, are not yet a charge against fund balance. The state has begun to take steps to eliminate this deficit position, including the sale of a portion of Interstate 95 to the Turnpike System. See Footnote 16 Subsequent Events.

15. JOINT VENTURES-LOTTERY COMMISSION

The New Hampshire Lottery Commission is an active participant in two separate joint venture arrangements: the Tri-State Lotto Commission (Tri-State) and the Multi-State Lottery Association (MUSL).

In September 1985, Tri-State was established whereby the New Hampshire Lottery Commission (Lottery) entered into a joint venture with the lotteries of the states of Maine and Vermont to promulgate rules and regulations regarding the conduct of lottery games and the licensing of agents. In addition, each state contributes services towards the management and advisory functions. Each states share of revenues, expenses and interest income is based on their respective share of sales except for direct charges such as advertising, vendor fees and per-diem payments. Prizes awarded under Tri-State games are fully funded by deposit fund contracts and investments held by Tri-State. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State. For the year ended June 30, 2009, the Lottery recognized \$9.2 million of net income from Tri-State. In addition, Tri-State has established a Designated Prize Reserve, which acts as a contingency to protect Tri-State against unforeseen liabilities. The Lottery's share of deposits held as Tri-State prize reserves was \$1.6 million at June 30, 2009. The Tri-State issues a publicly available annual financial report, which may be obtained by writing to the Tri-State Lotto Commission, P.O. Box 420 South Barre, Vermont 05670.

In November 1995, the Lottery became a member of MUSL, which is currently comprised of 31 member state lotteries and administers the Multi-State Lottery Powerball and Hot Lotto games. Each state lottery sells tickets, collects revenues and remits prize funds to MUSL net of lower tier prize awards. Each member also pays for a share of MUSL's operating expenses based upon the members proportionate share of game sales. Jackpot prizes that are payable in installments are satisfied through investments purchased by MUSL. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by MUSL. For the year ended June 30, 2009, the Lottery recognized \$19.5 million of net income from MUSL. In addition, MUSL has established a contingency reserve to protect MUSL and its members against unforeseen liabilities. The Lottery's share of deposits held as MUSL prize reserves was \$2.3 million at June 30, 2009. MUSL issues a publicly available annual financial report, which may be obtained by writing to the Multi-State Lottery Association, 1701-48th Street, Suite 210, West Des Moines, Iowa 50266-6723.

16. SUBSEQUENT EVENTS

On August 19, 2009, the state received a revised Grant Award Notification (GAN) from the U.S. Department of Education under the State Fiscal Stabilization Fund Program. This GAN allows the state to recover pre-award costs between February 17, 2009 and June 10, 2009, as long as the pre-award costs were allowable expenditures under the stabilization program which was authorized under Title XIV of the American Reinvestment and Recovery Act of 2009 (AARA). Under this revision, at June 30, 2009, the state has accrued \$18.4 million of revenue for the recovery of allowable costs incurred during the pre-award period.

Effective July 1, 2009, Chapter 144, Laws of 2009, authorized the Department of Transportation to convey to the Bureau of Turnpikes, a portion of Interstate 95 in Portsmouth for the sum of \$120 million. The law also specifies that the Turnpike System will pay for the Acquisition from its general reserve account over a period not to exceed twenty years with \$30 million including interest being paid in fiscal year 2010 and \$20 million including interest being paid in fiscal year 2011. The balance of the acquisition will be paid under terms and conditions as determined by the Commissioner of the Department of Transportation and the State Treasurer. On August 25, 2009, the Highway Fund conveyed the section of Interstate 95 to the Turnpike System at the authorized terms.

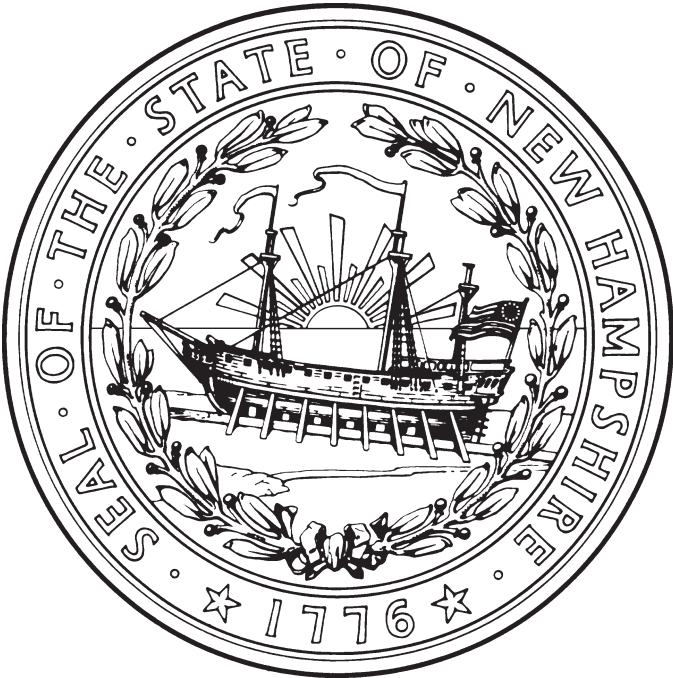
On September 23, 2009 the state issued \$50.0 million in bond anticipation notes through its Commercial Paper Program. These short term notes sold with interest rates from .30% to .40% will be used to fund ongoing capital improvement projects in advance of the December 15, 2009 long-term bond issue.

16. SUBSEQUENT EVENTS - CONTINUED

On November 18, 2009, the Turnpike System issued \$67.2 million in tax-exempt refunding bonds that refunded bonds issued in 1999. In addition, on November 18, 2009, the Turnpike System also issued \$150 million in federally taxable Build America Bonds ("BABS") with federal subsidy payments of 35% of the interest due paid to the Turnpike System through the State in the form of a direct payment to be received as interest payments are made by the state.

On December 15, 2009, the state issued \$50 million of tax exempt general obligation capital improvement bonds. Interest rates on the bonds range from 3% to 5% with maturities ranging from 2011 to 2017. In addition, on December 15, 2009, the state issued \$75 million in federally taxable Build America Bonds ("BABs") with federal subsidy payments of 35% of the interest due paid to the state in the form of a direct payment to be received as interest payments are made by the state. Interest rates on the bonds range from 4.125% to 5.5% with maturities ranging from 2017 to 2029.

The Unemployment Compensation Trust Fund is projected to require additional funds during the first quarter of 2010 and is anticipating the need to borrow these funds from the United States Treasury for the purpose of paying unemployment benefits to claimants. Interest related to this borrowing, through December 31, 2010, shall be waived. After December 31, 2010, the normal rules for determining the amount of interest accrued on borrowed funds will again apply.



Required Supplementary Information (Unaudited)

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(expressed in thousands)

	General Fund			
	Budgeted Amount		ACTUAL (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	ORIGINAL	FINAL		
REVENUES				
General Property Taxes.....	\$ 320	\$ 320	\$ 330	\$ 10
Special Taxes.....	1,148,321	1,148,321	958,465	(189,856)
Personal Taxes.....	60,262	60,262	59,242	(1,020)
Business License Taxes.....	21,910	21,910	20,958	(952)
Non-Business License Taxes.....	102,880	102,880	93,898	(8,982)
Fees.....	196,998	203,750	138,764	(64,986)
Fines, Penalties and Interest.....	38,983	39,121	28,011	(11,110)
Grants from Federal Government.....	1,488,740	1,783,801	1,377,819	(405,982)
Grants from Private and Local Sources.....	156,434	153,828	161,948	8,120
Rents and Leases.....	11,896	12,646	11,235	(1,411)
Interest Premiums and Discounts.....	22,196	22,270	19,051	(3,219)
Sale of Commodities.....	8,504	12,848	10,975	(1,873)
Sale of Services.....	99,581	101,223	114,048	12,825
Assessments.....	84,350	84,675	75,297	(9,378)
Grants from Other Agencies.....	223,596	230,148	189,856	(40,292)
Miscellaneous.....	81,132	90,612	123,198	32,586
Total Revenue.....	3,746,103	4,068,615	3,383,095	(685,520)
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative Branch.....	21,591	21,591	15,371	6,220
Executive.....	27,197	73,048	60,056	12,992
Information Technology.....	62,520	62,575	54,495	8,080
Administrative Services.....	119,441	130,420	97,006	33,414
Sec of State.....	31,438	31,396	8,595	22,801
Cultural Affairs.....	8,455	8,960	7,152	1,808
Revenue Administration.....	17,279	16,957	15,264	1,693
State Treasury.....	111,112	113,069	101,133	11,936
NH Retirement System.....	64,192	64,192	60,219	3,973
Boards and Commissions.....	3,009	3,108	2,624	484
Total.....	466,234	525,316	421,915	103,401
JUSTICE AND PUBLIC PROTECTION				
Judicial Branch.....	74,128	76,685	71,344	5,341
Adjutant General.....	22,098	23,440	17,134	6,306
Agriculture.....	5,729	6,129	4,458	1,671
Justice Department.....	25,078	31,042	21,714	9,328

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(expressed in thousands)

	General Fund			Variance with
	Budgeted Amount		ACTUAL (Budgetary Basis)	Final Budget-
	ORIGINAL	FINAL		Positive
				(Negative)
Bank Commission.....	6,293	6,293	5,279	1,014
Pari-Mutuel Commission.....	2,311	2,230	1,438	792
Highw ay Safety.....	3,430	4,336	2,671	1,665
Insurance.....	10,298	10,298	7,788	2,510
Labor	36,123	41,183	26,773	14,410
Public Utilities Commission.....	24,323	24,388	10,625	13,763
Safety.....	195,590	253,062	158,258	94,804
Corrections Department.....	112,576	114,093	106,567	7,526
Employment Security.....	76,431	80,314	34,793	45,521
Judicial Council.....	25,907	27,064	26,893	171
Human Rights Commission	774	774	607	167
Boards and Commissions.....	558	550	487	63
Total.....	621,647	701,881	496,829	205,052
RESOURCE PROTECTION AND DEVELOPMENT				
Resource and Economic Development.....	41,850	49,419	38,342	11,077
Pease Development Authority.....	9,371	9,371	574	8,797
Environmental Services.....	230,430	296,787	104,979	191,808
Development Finance Authority.....	182	182	182	-
Boards and Commissions.....	473	484	453	31
Total.....	282,306	356,243	144,530	211,713
TRANSPORTATION				
Transportation.....	21,137	37,969	25,108	12,861
Total.....	21,137	37,969	25,108	12,861
HEALTH AND SOCIAL SERVICES				
Health and Human Services Commissioner.....	681,438	727,564	696,671	30,893
Office of Health Management.....	105,539	118,341	91,267	27,074
Children and Youth.....	228,944	230,293	142,216	88,077
Transitional Assistance.....	96,815	101,435	93,573	7,862
Behavioral Health.....	119,776	122,493	116,799	5,694
Developmental Services.....	225,972	225,530	221,788	3,742
Developmental Disabilities Council.....	637	636	464	172
N H Hospital.....	72,298	71,148	66,134	5,014
Home for Elderly.....	12,732	12,656	12,146	510
N H Veterans Home.....	27,261	26,988	24,429	2,559
Veterans Council.....	434	432	400	32
Youth Development Services.....	28,220	28,946	25,287	3,659
Elderly and Adult Services.....	445,329	451,742	409,741	42,001

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(expressed in thousands)

	General Fund			
	Budgeted Amount			Variance with Final Budget-
	ORIGINAL	FINAL	ACTUAL (Budgetary Basis)	Positive (Negative)
Admin and Support.....	794	827	746	81
Boards and Commissions.....	3,923	4,026	2,953	1,073
Total.....	2,050,112	2,123,057	1,904,614	218,443
EDUCATION				
Post Secondary Education Commission.....	5,511	5,970	5,540	430
Department of Education.....	305,486	309,879	239,249	70,630
NH Comm. Tech. College System.....	119,951	120,158	100,590	19,568
Planetarium.....	2,612	2,629	1,524	1,105
Police Standards and Training Council.....	7,669	5,669	3,218	2,451
University of New Hampshire.....	99,847	100,000	100,000	-
Total.....	541,076	544,305	450,121	94,184
Debt Service.....	96,558	96,558	95,265	1,293
Capital Outlays.....	17,123	17,123	17,123	-
Total	4,096,193	4,402,452	3,555,505	846,947
Deficiency of Revenues				
Under Expenditures.....	(350,090)	(333,837)	(172,410)	161,427
<u>Other Financing Sources (Uses)</u>				
Transfers In.....	-	123,775	123,775	-
Transfers Out	-	(17,623)	(17,623)	-
Miscellaneous.....	-	529	529	-
Total Other Financing Sources Uses.....	-	106,681	106,681	
Deficiency of Revenues and Other				
Sources Under Expenditures and Other Uses.....	(350,090)	(227,156)	(65,729)	161,427
Fund Balance - July 1.....	484,908	484,908	484,908	-
Fund Balance - June 30.....	\$ 134,818	\$ 257,752	\$ 419,179	\$ 161,427

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
HIGHWAY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(expressed in thousands)

	Highway Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
REVENUES				
Business License Taxes.....	\$ 154,650	\$ 154,650	\$ 145,973	\$ (8,677)
Non-Business License Taxes.....	83,500	83,500	81,343	(2,157)
Fees.....	21,807	21,807	19,577	(2,230)
Fines, Penalties and Interest.....	922	1,062	655	(407)
Grants from Federal Government.....	310,325	446,025	185,102	(260,923)
Grants from Private and Local Sources.....	17,343	17,483	5,296	(12,187)
Rents and Leases.....	148	180	177	(3)
Interest Premiums and Discounts.....	2,500	2,500	130	(2,370)
Sale of Commodities.....	1,247	1,247	230	(1,017)
Sale of Services.....	24,680	26,985	29,849	2,864
Assessments.....	-	-	1	1
Grants from Other Agencies.....	3,438	3,438	5,380	1,942
Miscellaneous.....	(15,684)	(14,378)	22,324	36,702
Total Revenues.....	604,876	744,499	496,037	(248,462)
EXPENDITURES				
Justice and Public Protection.....	2,169	2,915	876	2,039
Transportation.....	555,849	699,875	491,589	208,286
Debt Service.....	11,075	11,075	11,832	(757)
Capital Outlays.....	44,493	44,487	44,493	(6)
Total Expenditures	613,586	758,352	548,790	209,562
Deficiency of Revenues				
Under Expenditures.....	(8,710)	(13,853)	(52,753)	(38,900)
OTHER FINANCING SOURCES (USES)				
Transfers In.....	-	2,550	1,750	(800)
Transfers Out	-	(4,020)	(3,220)	800
Miscellaneous.....	-	2,678	2,678	-
Total Other Financing Sources (Uses).....		1,208	1,208	
Deficiency of Revenues				
and Other Sources Under				
Expenditures and Other Uses.....	(8,710)	(12,645)	(51,545)	(38,900)
Fund Balance - July 1.....	55,287	55,287	55,287	-
Fund Balance - June 30.....	\$ 46,577	\$ 42,642	\$ 3,742	\$ (38,900)

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)
EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(expressed in thousands)

	Education Fund			
	Budgeted Amounts			
	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
REVENUES				
General Property Taxes.....	\$ 386,600	\$ 386,600	\$ 392,621	\$ 6,021
Special Taxes.....	404,900	404,900	280,745	(124,155)
Personal Taxes.....	115,600	115,600	128,796	13,196
Fines, Penalties and Interest.....	-	-	5	5
Miscellaneous.....	40,000	40,000	40,000	-
Total Revenues.....	947,100	947,100	842,167	(104,933)
EXPENDITURES				
General Government.....	-	-		
Education.....	897,738	897,738	898,411	(673)
Total Expenditures	897,738	897,738	898,411	(673)
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	49,362	49,362	(56,244)	(105,606)
OTHER FINANCING SOURCES (USES)				
Transfers Out.....	-	15,322	15,322	-
Total Other Financing Sources (Uses).....		15,322	15,322	
Excess (Deficiency) of Revenues and Other Sources Over (Under)				
Expenditures and Other Uses.....	49,362	64,684	(40,922)	(105,606)
Fund Balance - July 1.....	(9,326)	(9,326)	(9,326)	-
Fund Balance - June 30.....	\$ 40,036	\$ 55,358	\$ (50,248)	\$ (105,606)

Note to the Required Supplementary Information - Budgetary Reporting (Unaudited)

FOR THE FISCAL YEARENDED JUNE 30, 2009

RECONCILIATION OF BUDGETARY TO GAAP

The state's biennial budget is prepared on a basis other than GAAP. The "actual" results columns of the Budget and Actual – Non-GAAP budgetary statements are presented on a "budgetary basis" to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures (Budgetary) are recorded when cash is paid or committed by contractual obligation (encumbrance), rather than when the obligation is incurred (GAAP). Revenues (Budgetary) are based on cash received plus estimated revenues related to the budgetary expenditures and contractual obligations (encumbrances). Additional revenue accruals are made on a (GAAP) basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the General and Major Special Revenue Funds of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2009 (expressed in thousands).

	General Fund	Highway Fund	Education Fund
Deficiency of revenues and other financing sources under expenditures and other financing uses (Budgetary Basis)	\$ (65,729)	\$ (51,545)	\$ (40,922)
Adjustments and Reclassifications:			
To record change in Accounts Payable and Accrued Payroll	32,409	17,898	(390)
To Record change in Encumbrances	(12,235)	40,147	-
To Record change in Accounts Receivable	27,031	(33,920)	(69,619)
To Record Other Financing Sources (Uses)	(36,823)	-	107,235
Deficiency of revenues and other financing sources under expenditures and other financing uses* (GAAP Basis)	\$ (55,347)	\$ (27,420)	\$ (3,696)

*Includes Change in Inventory reserves for General and Highway of \$ 529, \$2,678 respectively.

Required Supplementary Information (Unaudited)

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFITS

The following schedules present the State of New Hampshire's actuarially determined funding progress and required contributions for the State's Other Postemployment Benefits (using the projected unit credit actuarial cost method):

Schedule of Funding Progress by Valuation Date

(Expressed in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
06/30/08	\$ -	\$ 2,470,485	\$ 2,470,485	0%	\$ 586,946	420.90%
12/31/06	\$ -	\$ 2,559,477	\$ 2,559,477	0%	\$ 558,400	458.36%

Schedule of Employer Contributions

(Expressed in thousands)

Fiscal Year Ended June 30,	Annual OPEB Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed
2009	\$ 195,442	\$ 57,011	29.17%
2008	\$ 207,142	\$ 50,332	24.30%

INFORMATION ABOUT THE NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN

The following schedules present the New Hampshire Judicial Retirement Plan's actuarially determined funding progress and required contributions for pension benefits (using the entry age normal actuarial cost method):

Schedule of Funding Progress by Valuation Date

(Expressed in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/08	\$ 50,601	\$ 54,931	\$ 4,330	92%	\$ 7,195	60.18%
01/01/06	\$ 44,980	\$ 47,153	\$ 2,173	95%	\$ 6,833	31.80%
01/01/05	\$ 42,800	\$ 43,670	\$ 870	98%	\$ 6,363	13.67%

Schedule of Employer Contributions

(Expressed in thousands)

Fiscal Year Ended December 31,	Annual Required Contribution (ARC)	Actual Contributions	Percentage Contributed
2008	\$ 1,416	\$ 1,416	100.00%
2007	\$ 1,244	\$ 1,244	100.00%
2006	\$ 1,174	\$ 1,174	100.00%
2005	\$ 1,093	\$ 1,093	100.00%

Combining Financial Statements

Highway Fund

The state's highway fund serves a dual role, comprising of both operating activities and long-term capital improvement activities. The accounting and budgeting over the years has followed a conservative approach in that funds are raised in the current year to appropriate for highway construction projects that may subsequently take several years to complete. The fund balance is affected at the time of appropriation, and has reported to be in a deficit position, for both the operating and capital accounts. For fiscal year 2005 the state has expanded it's reporting by presenting the operating and capital activities separately on combining schedules and adding additional disclosures relating to encumbrances and future commitments.

*The **capital account** is comprised of four main construction accounts (federal construction aid, state aid, municipal bridge and betterment). The **operating account** represents the total highway fund less the capital account activities. Except for the betterment account, cash raised from current year revenue transactions, such as gasoline road toll, licenses, fees etc, are maintained in the operating account and transferred to the capital accounts on demand as cash is needed to fund current year costs. By law, the betterment account receives a cash transfer each month, representing 88% of 3 cents of the gasoline road toll tax. For the Biennium ending June 30, 2009, 1 cent of betterment was credited the operating account to pay principal and interest for bond proceeds over the same time period.*

STATE OF NEW HAMPSHIRE
 COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS
 HIGHWAY FUND
 JUNE 30, 2009
 (Expressed in Thousands)

	Highway Capital	Highway Operating	Total Highway Fund
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Receivables (Net of Allowances for Uncollectibles) ..	39,556	14,037	53,593
Due from Other Funds	513		513
Inventories		8,928	8,928
Total Assets	<u>\$ 40,069</u>	<u>\$ 22,965</u>	<u>\$ 63,034</u>
LIABILITIES			
Accounts Payable	\$ 25,829	\$ 3,649	\$ 29,478
Accrued Payroll		4,669	4,669
Due to Other Funds	(4,959)	14,627	9,668
Deferred Revenue	6,999	126	7,125
Total Liabilities	<u>27,869</u>	<u>23,071</u>	<u>50,940</u>
FUND BALANCES			
Reserved for Encumbrances	37,958	2,426	40,384
Reserved for Inventories		8,928	8,928
Reserved for Unexpended Appropriations	14,604	3,040	17,644
Unreserved, Undesignated Deficit	(40,362)	(14,500)	(54,862)
Total Fund Balances	<u>12,200</u>	<u>(106)</u>	<u>12,094</u>
Total Liabilities and Fund Balances	<u>\$ 40,069</u>	<u>\$ 22,965</u>	<u>\$ 63,034</u>

STATE OF NEW HAMPSHIRE
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE ACCOUNTS
HIGHWAY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	Highway Capital	Highway Operating	Total Highway Fund
REVENUES			
Business License Taxes (Betterment).....	\$ 14,224	\$ 131,749	\$ 145,973
Non-Business License Taxes.....		81,343	81,343
Fees.....		19,504	19,504
Fines, Penalties and Interest.....		650	650
Grants from Federal Government.....	174,701	3,416	178,117
Grants from Private and Local Sources.....	2,798	2,348	5,146
Rents and Leases.....		155	155
Interest, Premiums and Discounts.....		130	130
Sale of Commodities.....		230	230
Sale of Service.....		14,180	14,180
Assessments.....		-	-
Grants from Other Agencies.....		5,380	5,380
Miscellaneous.....	1	11,308	11,309
Total Revenues.....	191,724	270,393	462,117
EXPENDITURES			
Administration of Justice and Public Protection.....		942	942
Transportation.....	165,252	272,281	437,533
Debt Service.....		11,832	11,832
Capital Outlay.....	37,329	3,109	40,438
Total Expenditures.....	202,581	288,164	490,745
Deficiency of Revenues			
Under Expenditures.....	(10,857)	(17,771)	(28,628)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out).....	12,354	(10,604)	1,750
Transfers Out.....	(1,962)	(1,258)	(3,220)
Capital Lease Acquisitions.....		-	-
Total Other Financing Sources (Uses).....	10,392	(11,862)	(1,470)
Deficiency of Revenues and Other Sources			
Under Expenditures and Other Uses.....	(465)	(29,633)	(30,098)
Fund Balances - July 1	12,665	26,849	39,514
Change in Reserve for Inventory.....		2,678	2,678
Fund Balances - June 30.....	\$ 12,200	\$ (106)	\$ 12,094

Non - Major Governmental Financial Statements

Special Revenue Fund: Fish and Game Fund: *The operations of the state Fish and Game Department, including the operation of fish hatcheries, inland and marine fisheries, and wildlife areas, and functions related to law enforcement, land acquisition, and wildlife management and research, are financed through the Fish and Game Fund. Principal revenues of this fund include fees from fish and game licenses, the marine gas tax, penalties, and recoveries, and federal grants-in-aid related to fish and game management, all of which are appropriated annually by the Legislature for the use of the Fish and Game Department.*

Capital Projects Fund: *Used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of state bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.*

Permanent Funds:

NH Hospital: *Consist of several trust funds that were made expressly for the benefit of patients at the NH Hospital through various bequeathals.*

Land Conservation Endowment: *The Land Conservation Investment Program (LCHIP) is responsible for monitoring the condition and status of 80 state-held conservation easements acquired by the LCHIP.*

Other: *The other category consists of several accounts that report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the state or its citizenry. They include: Harriet Huntress, Hattie Livesey, John Nesmith, Special Teachers Comp., Catastrophic Illness, Sam Whidden Trust, Ben Thompson, and the Guy Thompson Memorial.*

STATE OF NEW HAMPSHIRE
COMBINING BALANCE SHEET
NON - MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009
(Expressed in Thousands)

	Permanent Funds							
	Fish & Game	Capital	NH Hospital	Land Conservation Endowment	Other Permanent	Total Permanent	Total Non-Major	
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 9,984		\$ 298		\$ 4,528	\$ 4,826	\$ 14,810	
Investments			4,638	\$ 2,274	1,910	8,822	8,822	
Receivables (Net).....	1,053	\$ 1,942					2,995	
Inventories.....	717						717	
Total Assets.....	\$ 11,754	\$ 1,942	\$ 4,936	\$ 2,274	\$ 6,438	\$ 13,648	\$ 27,344	
<u>LIABILITIES</u>								
Accounts Payable.....	\$ 220	\$ 7,791					\$ 8,011	
Accrued Payroll.....	701	20					721	
Due to other funds.....		48,171					48,171	
Total Liabilities.....	921	55,982					56,903	
<u>FUND BALANCES</u>								
Reserved for Encumbrances.....	980	50,523					51,503	
Reserved for Inventories.....	717						717	
Reserved for Unexpended Appropriations..	4,555	28,364					32,919	
Reserved for Permanent Trust			\$ 4,936	\$ 2,274	\$ 6,438	\$ 13,648	13,648	
Unreserved, Undesignated (Deficit).....	4,581	(132,927)					(128,346)	
Total Fund Balances (Deficit).....	10,833	(54,040)	4,936	2,274	6,438	13,648	(29,559)	
Total Liabilities and Fund Balances	\$ 11,754	\$ 1,942	\$ 4,936	\$ 2,274	\$ 6,438	\$ 13,648	\$ 27,344	

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	Fish & Game	Capital	Permanent Funds				Total Non-Major
			Land	NH Hospital	Conservation Endowment	Other Permanent	
REVENUES							
Non-Business License Taxes.....	\$ 8,888						\$ 8,888
Fees.....	1,114						1,114
Fines, Penalties and Interest.....	165						165
Grants from Federal Government.....	7,609	\$ 14,353					21,962
Grants from Private and Local Sources.....	285	779					1,064
Interest, Premiums and Discounts.....	224		\$ 195	\$ 58	\$ 145	\$ 398	622
Sale of Commodities.....	209						209
Sale of Service.....	4						4
Grants from Other Agencies.....	4,244	6					4,250
Miscellaneous.....	555	339	(413)	156	(108)	(365)	529
Total Revenues.....	23,297	15,477	(218)	214	37	33	38,807
EXPENDITURES							
Current:							
Resource Protection and Development.....	22,841				379	58	23,278
Health and Social Services.....			460		261	721	721
Debt Service.....	459	1,256					1,715
Capital Outlay.....	1,121	186,660					187,781
Total Expenditures.....	24,421	187,916	460	379	319	1,158	213,495
Deficiency of Revenues							
Under Expenditures.....	(1,124)	(172,439)	(678)	(165)	(282)	(1,125)	(174,688)
OTHER FINANCING SOURCES (USES)							
Transfers In	1,792	413					2,205
Payments to Refunding Bond Escrow Agent.....		(30,255)					(30,255)
G.O. Bond Premium.....		2,219					2,219
G.O. Bond Issuance.....		179,380					179,380
Total Other Financing Sources (Uses).....	1,792	151,757					153,549
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures & Other Uses.....	668	(20,682)	(678)	(165)	(282)	(1,125)	(21,139)
Fund Balances - July 1	10,361	(33,358)	5,614	2,439	6,720	14,773	(8,224)
Change in Reserve for Inventory.....	(196)						(196)
Fund Balances (Deficit) - June 30.....	\$ 10,833	\$ (54,040)	\$ 4,936	\$ 2,274	\$ 6,438	\$ 13,648	\$ (29,559)

STATE OF NEW HAMPSHIRE
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FISH & GAME FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(expressed in thousands)

Fish and Game Fund					
Budgeted Amounts			Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)	
Original	Final				
REVENUES					
Special Taxes.....	\$ 123	\$ 123		\$ (123)	
Non-Business License Taxes.....	8,832	8,832	\$ 8,994	162	
Fees.....	1,932	1,932	1,681	(251)	
Fines, Penalties and Interest.....	145	145	165	20	
Grants from Federal Government.....	6,898	8,069	7,493	(576)	
Grants from Private and Local Sources.....	302	459	285	(174)	
Interest Premiums and Discounts.....	180	200	224	24	
Sale of Commodities.....	423	423	423	-	
Sale of Services.....	1,540	1,732	4	(1,728)	
Grants from Other Agencies.....	5,280	5,280	4,764	(516)	
Miscellaneous.....	304	304	492	188	
Total Revenues.....	25,959	27,499	24,525	(2,974)	
EXPENDITURES					
Resource Protection and Developnent.....	32,468	34,252	24,052	10,200	
Debt Service.....	1,578	459	459	-	
Capital Outlays.....	-	1,121	1,121	-	
Total Expenditures	34,046	35,832	25,632	10,200	
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	(8,087)	(8,333)	(1,107)	7,226	
OTHER FINANCING SOURCES (USES)					
Transfers In.....					
Transfers Out	-	1,655	1,655	-	
Miscellaneous.....	-	(196)	(196)	-	
Total Other Financing Sources (Uses).....		1,459	1,459		
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses.....	(8,087)	(6,874)	352	7,226	
Fund Balance - July 1.....	11,173	11,173	11,173	-	
Fund Balance - June 30.....	\$ 3,086	\$ 4,299	\$ 11,525	\$ 7,226	

Reconciliation of Budgetary To GAAP

The State's biennial budget is prepared on a basis other than GAAP. The "actual" results column of the Budget and Actual - Non-GAAP budgetary statement are presented on a "budgetary basis" to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures are recorded when cash is paid or committed (budgetary), rather than when the obligation is incurred (GAAP). In addition, revenue based on these accruals is adjusted on a GAAP basis only.

2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the Fish and Game Fund of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2009 (expressed in thousands).

	Fish & Game Fund
Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (Budgetary Basis)	\$ 352
Adjustments and Reclassifications:	
To record change in Accounts Payable and Accrued Payroll	391
To Record change in Encumbrances	407
To Record change in Accounts Receivable	(815)
To Record Other Financing Sources (Uses)	137
Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses* (GAAP Basis)	\$ 472

*Includes Change in Inventory reserves of \$(196).

Internal Service Fund

STATE OF NEW HAMPSHIRE
 COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS
 EMPLOYEE BENEFIT RISK MANAGEMENT FUND
 JUNE 30, 2009
 (Expressed in Thousands)

ASSETS	Health			Dental	Total
	Active	Retirees	Total		
Current Assets:					
Cash and Cash Equivalents.....	\$ 21,608	\$ 12,607	\$ 34,215	\$ 1,529	\$ 35,744
Accounts Receivable.....	58	11	69		69
Total Assets.....	\$ 21,666	\$ 12,618	\$ 34,284	\$ 1,529	\$ 35,813
LIABILITIES					
Current Liabilities:					
Accounts Payable.....	\$ 346	\$ 275	\$ 621	\$ 61	\$ 682
Claims Payable.....	4,516	2,625	7,141	223	7,364
Incurred but not Reported (IBNR).....	10,080	4,911	14,991	395	15,386
Total Liabilities.....	14,942	7,811	22,753	679	23,432
NET ASSETS					
Total Net Assets	\$ 6,724	\$ 4,807	\$ 11,531	\$ 850	\$ 12,381

STATE OF NEW HAMPSHIRE
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE ACCOUNTS
EMPLOYEE BENEFIT RISK MANAGEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	Health			Dental	Total
	Active	Retirees	Total		
<u>OPERATING REVENUES</u>					
Charges for Sales and Services					
Contributions For Health Benefits					
State Contributions:					
Active Employees.....	\$ 156,642		\$ 156,642	\$ 11,985	\$ 168,627
Retired Judges & Constitutional Officers.....		\$ 571	571		571
Retired Employees.....		50,916	50,916		50,916
Non-State Contributions:					
Other Employers.....	1,118		1,118	87	1,205
COBRA Participants.....	491		491	95	586
Legislator Participants.....	622	144	766	69	835
Retirement Subsidies & Deductions.....		15,023	15,023		15,023
Recoveries.....	2,699	2,079	4,778		4,778
Total Contributions for Health Benefits.....	161,572	68,733	230,305	12,236	242,541
Total Charges for Sales and Services.....	161,572	68,733	230,305	12,236	242,541
<u>OPERATING EXPENSES</u>					
Health Care Expenses					
Medical Payments.....	129,320	38,163	167,483	10,804	178,287
Pharmaceuticals.....	34,065	31,851	65,916		65,916
Ancillary Benefits.....	841		841		841
Total Health Care Expenses.....	164,226	70,014	234,240	10,804	245,044
Administrative Expenses.....	6,083	3,955	10,038	734	10,772
Enrollment.....	187	144	331		331
Total Operating Expenses.....	170,496	74,113	244,609	11,538	256,147
Operating Income (Loss).....	(8,924)	(5,380)	(14,304)	698	(13,606)
Investment Income.....	702	465	1,167	15	1,182
Change in Net Assets.....	(8,222)	(4,915)	(13,137)	713	(12,424)
Net Assets - July 1	14,946	9,722	24,668	137	24,805
Net Assets - June 30.....	\$ 6,724	\$ 4,807	\$ 11,531	\$ 850	\$ 12,381

Component Units

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF NET ASSETS
 NON-MAJOR COMPONENT UNITS
 JUNE 30, 2009
 (Expressed in Thousands)

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Community College System of New Hampshire	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents.....	\$ 5,011	\$ 8,283	\$ 5,441	\$ 6,890	\$ 25,625
Cash and Cash Equivalents-Restricted.....			990		990
Accounts Receivable.....	326	219	3,845	890	5,280
Other Receivables-Restricted.....			2,900		2,900
Due From Primary Government - Current Portion				10,265	10,265
Notes Receivable - Current Portion.....	3,403	475			3,878
Prepaid Expenses & Other.....	22	106	433	1	562
Total Current Assets.....	8,762	9,083	13,609	18,046	49,500
Noncurrent Assets:					
Investments.....	11,908			3,547	15,455
Notes & Other Receivables.....	11,056	1,735		20	12,811
Other Assets.....	216		1,013		1,229
Capital Assets:					
Land & Land Improvements.....			2,843		2,843
Building & Building Improvements.....	7,951		113,356	24,123	145,430
Equipment.....	39	122	7,919		8,080
Construction in Progress.....			1,490	62	1,552
Less: Accumulated Depreciation.....	(3,441)	(91)	(49,381)	(4,870)	(57,783)
Net Capital Assets.....	4,549	31	76,227	19,315	100,122
Total Noncurrent Assets.....	23,180	1,735	1,013	3,567	29,495
Total Assets.....	36,491	10,849	90,849	40,928	179,117
Current Liabilities:					
Accounts Payable.....	14	140	1,373	6	1,533
Accrued Salaries and Wages.....				4,339	4,339
Accrued Employee Benefits - Current.....	39			4,568	4,607
Other Payables & Accrued Expenses.....		4,134	1,097		5,231
Other Liabilities.....	335		67	1,481	1,883
Deposits and Deferred Revenues.....	2,673	112	530	3,285	6,600
Due to Primary Government-Current Portion.....			2,606		2,606
Long Term Debt-Current Portion.....			859	748	1,607
Total Current Liabilities.....	3,061	4,386	6,532	14,427	28,406
Noncurrent Liabilities:					
Due to Primary Government.....			8,784		8,784
Other Long Term Debt.....	25,447		5,140	10,868	41,455
Total Noncurrent Liabilities.....	25,447		13,924	10,868	50,239
Total Liabilities.....	28,508	4,386	20,456	25,295	78,645
NET ASSETS					
Invested in Capital Assets, Net of Related Debt....	4,549	31	59,291	7,699	71,570
Restricted for Specific Purpose.....			923	6,052	6,975
Restricted for Long Term Receivable.....			2,900		2,900
Unrestricted.....	3,434	6,432	7,279	1,882	19,027
Total Net Assets.....	\$ 7,983	\$ 6,463	\$ 70,393	\$ 15,633	\$ 100,472

See accompanying Independent Auditors' Report

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
JUNE 30, 2009
(Expressed in Thousands)

	Business Finance Authority	Community Development Finance Authority	Pease Development Authority	Community College System of New Hampshire	Total
Expenses.....	\$ 2,745	\$ 12,014	\$ 15,498	\$ 100,703	\$ 130,960
Program Revenues:					
Charges for Services:					
Tuition & Fees.....				41,134	41,134
Scholarship Allowances.....					
Sales, Services, & Other Revenue.....	2,759	975	15,203	6,334	25,271
Operating Grants & Contributions.....		10,916	10,473	12,913	34,302
Capital Grants & Contributions.....					
Total Program Revenues.....	2,759	11,891	25,676	60,381	100,707
Net Revenues.....	14	(123)	10,178	(40,322)	(30,253)
Interest & Investment Income.....	97	1,296	65	2,927	4,385
Payments (to) from State of New Hampshire.....	(13)			40,508	40,495
Change in Net Assets.....	98	1,173	10,243	3,113	14,627
Net Assets - Beginning.....	7,885	5,290	60,150	12,520	85,845
Net Assets - Ending.....	\$ 7,983	\$ 6,463	\$ 70,393	\$ 15,633	\$ 100,472

Fiduciary Funds

Pension Trust Funds

The New Hampshire Retirement System consists of a cost-sharing multiple-employer contributory pension plan (Pension Plan) and trust established in 1967 by RSA 100:A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans.

Pension Plan: *the pension plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the System. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.*

Other Postemployment Medical Plans (OPEB): *Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b New Hampshire Retirement System administers four defined benefit postemployment medical subsidy healthcare plans designated in statute by membership type. The four plans are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees, collectively referred to as the OPEB Plans.*

Judicial Retirement Plan

The New Hampshire Judicial Retirement Plan (the Plan) was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the state.

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
JUNE 30, 2009
(Expressed in Thousands)

	Other Postemployment Medical Plans (OPEB)						
	Pension Plan	Group II Police Officer & Firefighter	Group 1 Teachers	Group 1 Political Subdivisions	Group 1 State Employees	Judicial Retirement Plan	Total
ASSETS							
Cash & Cash Equivalents.....	\$ 11,689	\$ 271	\$ 47	\$ 82		\$ 51	\$ 12,140
Cash Collateral on Security Lending.....	291,112	6,753	1,158	2,041			301,064
Total Cash.....	302,801	7,024	1,205	2,123	0	51	313,204
Receivables:							
Due from Employers.....	22,158					100	22,258
Due from State.....	7,565						7,565
Due from Plan Members.....	16,144					45	16,189
Due from Group 1 State Employee							
OPEB Plan.....				17,710			17,710
Due from Brokers for Securities Sold....	74,663	1,732	297	522			77,214
Interest and Dividends.....	11,550	268	46	81		35	11,980
Other	3,342	78	13	23			3,456
Total Receivables.....	135,422	2,078	356	18,336	0	180	156,372
Investments							
Cash & Cash Equivalents.....	111,474	2,586	444	781			115,285
Equity Investments							
Domestic.....	1,718,244	39,858	6,836	12,046		14,368	1,791,352
International.....	767,041	17,793	3,052	5,378		4,326	797,590
Fixed Income Investments							
Domestic.....	1,143,601	26,529	4,550	8,017		7,928	1,190,625
Global.....	150,367	3,488	598	1,055			155,508
Commercial Real Estate.....	264,516	6,136	1,052	1,855		8,043	281,602
Alternative Investments.....	99,622	2,311	396	699		0	103,028
Total Investments.....	4,254,865	98,701	16,928	29,831	0	34,665	4,434,990
Other Assets.....	1,892	44	8	13			1,957
Total Assets.....	4,694,980	107,847	18,497	50,303	0	34,896	4,906,523
LIABILITIES							
Securities Lending Collateral.....	291,112	6,753	1,158	2,041			301,064
Management Fees and Other Payables.....	6,423	149	26	45		38	6,681
Due to Group I Political Subdivision.....							
OPEB Plan.....					\$ 17,710		17,710
Security Lending Payable.....	5,357	124	21	38			5,540
Due to Brokers for Securities Purchased..	76,832	1,782	306	539			79,459
Total Liabilities.....	379,724	8,808	1,511	2,663	17,710	38	410,454
Net Assets Held in Trust for							
Benefits & Other Purposes.....	\$ 4,315,256	\$ 99,039	\$ 16,986	\$ 47,640	\$ (17,710)	\$ 34,858	\$ 4,496,069

See accompanying Independent Auditors' Report

**STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)**

(Expressed in Thousands)

	Other Postemployment Medical Plans (OPEB)						
	Group II			Group 1	Group 1	Judicial	
	Pension	Police Officer &	Group 1	Political	State	Retirement	
	Plan	Firefighter	Teachers	Subdivisions	Employees	Plan	Total
ADDITIONS							
Contributions:							
Employer	\$ 157,993	\$ 13,669	\$ 15,295	\$ 12,381	\$ 11,150	\$ 1,416	\$ 211,904
State Contributions on Behalf of							
Local Employers.....	38,221	5,038	7,703				50,962
Total Employer Contributions.....	196,214	18,707	22,998	12,381	11,150	1,416	262,866
Plan Member.....	142,528					625	143,153
Total Contributions.....	338,742	18,707	22,998	12,381	11,150	2,041	406,019
Investment Income:							
From Investing Activities:							
Net Appreciation(Depreciation)							
in Fair Value of Investments.....	(1,052,109)	(22,978)	(4,047)	(9,258)		(15,807)	(1,104,199)
Interest.....	54,446	1,189	209	479		880	57,203
Dividends.....	34,907	762	134	308			36,111
Alternative Investment Income (loss).....	(8,432)	(184)	(32)	(74)			(8,722)
Commercial Real Estate Operating Income.....	22,268	486	86	196			23,036
Total Income from Investing Activities.....	(948,920)	(20,725)	(3,650)	(8,349)	-	(14,927)	(996,571)
Less: Investment Activity Expenses:							
Investment Management Fees.....	14,381	314	55	127		36	14,913
Custodial Fees.....	656	14	3	6		45	724
Investment Advisor Fees.....	1,084	24	4	9		60	1,181
Total Investment Activity Expenses.....	16,121	352	62	142	-	141	16,818
Total Net Income from Investing Activities.....	(965,041)	(21,077)	(3,712)	(8,491)	-	(15,068)	(1,013,389)
From Securities Lending Activities:							
Security Lending Income.....	6,629	145	25	58			6,857
Less: Security Lending Borrower Rebates.....	3,015	66	12	27			3,120
Less: Security Lending Management Fees.....	630	14	2	6			652
Net Income from Securities Lending Activities.....	2,984	65	11	25	-		3,085
Total Net Investment Income.....	(962,057)	(21,012)	(3,701)	(8,466)	-	(15,068)	(1,010,304)
Interest Income.....	-	-	-	1,017			1,017
Other.....	622	14	2	6			644
Total Additions.....	(622,693)	(2,291)	19,299	4,938	11,150	(13,027)	(602,624)
DEDUCTIONS							
Benefits/Distributions to Participants.....	452,380	15,688	24,489	6,496	10,926	3,760	513,739
Refunds of Contributions.....	24,204						24,204
Administrative Expense.....	6,968	152	27	61		212	7,420
Professional Fees.....	1,372	30	5	12			1,419
Interest Expense.....					1,017		1,017
Other.....	2,331	51	9	21			2,412
Total Deductions.....	487,255	15,921	24,530	6,590	11,943	3,972	550,211
Change in Net Assets.....	(1,109,948)	(18,212)	(5,231)	(1,652)	(793)	(16,999)	(1,152,835)
NET ASSETS HELD IN TRUST FOR BENEFITS							
Beginning of the Year.....	5,425,204	117,251	22,217	49,292	(16,917)	51,857	5,648,904
End of the Year.....	\$ 4,315,256	\$ 99,039	\$ 16,986	\$ 47,640	\$ (17,710)	\$ 34,858	\$ 4,496,069

See accompanying Independent Auditors' Report

Private - Purpose Trust Funds

Special Fund for Second Injury: The intent of the Second injury fund is to equalize the compensation costs that the employer and their insurance company must pay for impaired and non-impaired workers alike, thereby removing a potential barrier to the employment of impaired workers. This fund gives employers the opportunity to limit their compensation costs in the event that an impaired employee sustains a workers compensation injury, which leaves the worker more disabled than the same injury would leave a non-impaired worker. Each carrier and self-insured employer pays into the fund based on a formula per statute. Reimbursements for compensable payments made by insurance carriers and self-insured employers, are made only upon written order by the Labor Commissioner to the State Treasurer. The State Treasurer is the custodian of the fund and all moneys and securities in the fund are held in trust by the treasurer and do not constitute money or property of the state.

Electrical Assistance Program Utility Fund: The Electrical Assistance Program (EAP) was developed by the Public Utilities Commission (PUC) to respond to the Legislature's call for low-income programs as part of electric restructuring. Accordingly, PUC issued an order approving a program to provide bill assistance to customers, and set up this fund. This program provides income-eligible customers with discounts on their electric bills. Customer bills for low-income assistance are adjusted by the utility company. The state treasurer is the custodian of the fund, and all moneys and securities in the fund are held in trust by the state treasurer and do not constitute money or property of the state. According to the Consumer Affairs Director at PUC, if the Electrical Assistance Program (EAP) were to cease operations, the funds would not remain with Treasury, the custodian of the funds, they would be have to be returned to the rate payers.

College Savings: This fund is The New Hampshire Excellence in Higher Education Endowment Trust Fund; a non state program which has the purpose of providing scholarships for the benefit of residents of the state of New Hampshire who are pursuing programs of study at eligible educational institutions within the state. Funding will come from a portion of the administrative proceeds of New Hampshire's UNIQUE College Investing Plan. The fund is administered by the New Hampshire College Tuition Savings Plan Advisory Commission, and scholarships will be granted based on need and merit. The State Treasurer is the trustee of the fund.

Other: The other category consists of several accounts whose trust arrangements provide principal and income to benefit individuals, private organizations or other governments. They include: NH Veterans Home Funds, Prison Funds, Laconia State School, Japanese Charitable Trust, Youth Development Center, Rural Rehab. Corporation, Matthew Elliott Trust, YDC Other Funds, and the Special Fund for Active Cases.

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF NET ASSETS -
 PRIVATE - PURPOSE TRUST FUNDS
 JUNE 30, 2009
 (Expressed in Thousands)

	Private-Purpose Trust Funds					
	Special Fund For Second Injuries	EAP	College Savings	Other	Total Private-Purpose	
<u>ASSETS</u>						
Cash and Cash Equivalents.....	\$ 666	\$ 5	\$ 1,884	\$ 828	\$ 3,383	
Other Receivables.....						
Investments.....			13,621	493	14,114	
Total Assets.....	666	5	15,505	1,321	17,497	
<u>LIABILITIES</u>						
Total Liabilities.....						
Net Assets Held in Trust for Benefits						
& Other Purposes.....	\$ 666	\$ 5	\$ 15,505	\$ 1,321	\$ 17,497	

STATE OF NEW HAMPSHIRE
STATEMENT OF CHANGES IN NET ASSETS -
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Expressed in Thousands)

	Private Purpose Trust Funds				
	Special Fund For Second Injuries	EAP	College Savings	Other	Total Private Purpose
ADDITIONS					
Contributions:					
From Participants.....	\$ 671	\$ 1,107		\$ 2,203	\$ 3,981
Total Contributions.....	671	1,107		2,203	3,981
Interest Income.....	50	1	\$ 239	24	314
Other.....	16		8,460	239	8,715
Total Additions.....	737	1,108	8,699	2,466	13,010
DEDUCTIONS					
Benefits/Distributions to Participants.....	3,316	1,226		443	4,985
Other.....			17,116	2,294	19,410
Total Deductions.....	3,316	1,226	17,116	2,737	24,395
Net Increase/(Decrease).....	(2,579)	(118)	(8,417)	(271)	(11,385)
NET ASSETS HELD IN TRUST FOR BENEFITS & OTHER PURPOSES					
Beginning of the Year.....	3,245	123	23,922	1,592	28,882
End of the Year.....	\$ 666	\$ 5	\$ 15,505	\$ 1,321	\$ 17,497

Agency Funds

Unified Court System: These funds are litigation accounts. When a party sues another party funds are held in the Judicial Branch Trust Funds until a judgment is made. These trust funds are classified by the court; Superior, Probate, District and Family Division, and have several account types within each court.

Child Support Funds: There are currently five non-state program funds reported under the child support funds and all function in a custodial capacity for the benefit of child support recipients. The Payroll account has the most activity and resulted from the transfer of activity from the Department of Probation to the Division of Human Services (Welfare) in 1981. This account includes the checking account for the dollars received and disbursed on behalf of those receiving Child Support. The revolving fund was established to make timely payment of certain child support enforcement services costs. The purpose of the child support enforcement program is to obtain from responsible parents reimbursement of financial assistance provided their dependent children. The Department of Human Services, Division of Child Support Services, has an agreement with ACS State and Local Solutions, Inc., to manage the billing, collection and telecommunication system operated on a statewide basis as part of the automated child support system, which is labeled the Lockbox account. This lockbox functions as DCSS' State Disbursement Unit (SDU). An SDU must be capable of receiving, recording and depositing wage assignments from employers and direct payments from non-custodial parents. Within 48 hours of receiving a payment, an SDU must make an accurate distribution of payments to families throughout New Hampshire, the remaining states and territories, and several foreign countries. The other two funds are used for collections relation to Juvenile Services restitution cases and court repayment of lawyer's fees.

Lifetime License Fund: The monies received by Fish and Game from the sale of lifetime licenses are deposited with the state treasurer who shall keep the same in a separate fund. The state treasurer shall invest the monies in the fund and shall annually transfer to fish and game an amount equal to 9 percent of the principal balance in the fund each year and any interest that accrues to the fund in excess of 5 percent. In addition, the state treasurer shall pay the amount of one annual license fee to fish and game from the proceeds of each lifetime license sold during the current year, the balance going into the prepaid license fund.

Board of Tax and Land Appeals: The Board of Tax and Land Appeals has an escrow account that is used for deposits of damages filed with the board on behalf of condemnees due to eminent domain takings. The condemnor shall be entitled to possession or right of entry upon deposit with the board of the amount of just compensation as estimated by the condemnor. The Board shall pay over the sum deposited upon demand to the condemnee.

Other: The other category consists of several accounts whose assets and liabilities for deposits and investments have been entrusted to the state as an agent for others. The following make up this category, Glencliff Home, Financial Responsibility, Dissolution of Corporations, Employee US Savings Bonds, Maine-NH Interstate Bridge Authority, Skyhaven Hangar, Corrections Funds, and the Community Conservation Endowment Funds.

STATE OF NEW HAMPSHIRE
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2009
(Expressed in Thousands)

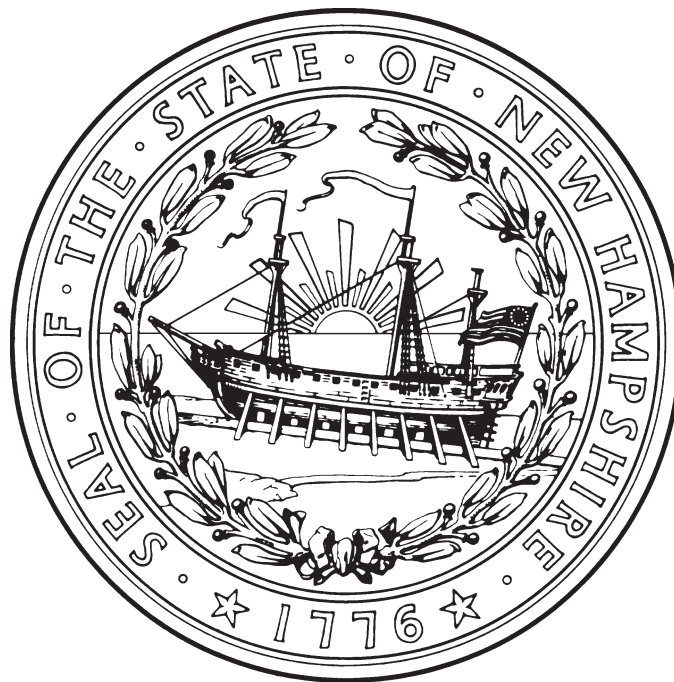
	Agency Funds					Total
	Unified Court System	Child Support Funds	Lifetime License Fund	Board of Tax and Land Appeals	Other Agency Funds	
ASSETS						
Cash and Cash Equivalents.....	\$ 5,374	\$ 1,488	\$ 13	\$ 2,705	\$ 3,524	\$ 13,104
Investments.....			1,082		326	1,408
Total Assets.....	<u>\$ 5,374</u>	<u>\$ 1,488</u>	<u>\$ 1,095</u>	<u>\$ 2,705</u>	<u>\$ 3,850</u>	<u>\$ 14,512</u>
LIABILITIES						
Custodial Funds Payable.....	\$ 5,374	\$ 1,488	\$ 1,095	\$ 2,705	\$ 3,850	\$ 14,512
Total Liabilities.....	<u>\$ 5,374</u>	<u>\$ 1,488</u>	<u>\$ 1,095</u>	<u>\$ 2,705</u>	<u>\$ 3,850</u>	<u>\$ 14,512</u>

STATE OF NEW HAMPSHIRE
 COMBINING STATEMENT OF CHANGES
 IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009
 (Expressed in Thousands)

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>Unified Court System</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents.....	\$ 5,722	\$ 12,722	\$ 13,070	\$ 5,374
<u>LIABILITIES</u>				
Custodial Funds Payable.....	\$ 5,722	\$ 12,722	\$ 13,070	\$ 5,374
<u>Child Support Funds</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents.....	\$ 2,346	\$ 94,177	\$ 95,035	\$ 1,488
<u>LIABILITIES</u>				
Custodial Funds Payable.....	\$ 2,346	\$ 94,177	\$ 95,035	\$ 1,488
<u>Lifetime License Fund</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents.....	\$ 11	\$ 105	\$ 103	\$ 13
Investments.....	1,428	35	381	1,082
Total Assets.....	1,439	140	484	1,095
<u>LIABILITIES</u>				
Custodial Funds Payable.....	\$ 1,439	\$ 140	\$ 484	\$ 1,095
<u>Board of Tax and Land Appeals</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents.....	\$ 7,236	\$ 2,427	\$ 6,958	\$ 2,705
<u>LIABILITIES</u>				
Custodial Funds Payable.....	\$ 7,236	\$ 2,427	\$ 6,958	\$ 2,705
<u>Other Agency Funds</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents.....	\$ 1,454	\$ 8,773	\$ 6,703	\$ 3,524
Investments.....	1,429	401	1,504	326
Total Assets.....	\$ 2,883	\$ 9,174	\$ 8,207	\$ 3,850
<u>LIABILITIES</u>				
Custodial Funds Payable.....	\$ 2,883	\$ 9,174	\$ 8,207	\$ 3,850
<u>Totals - Agency Funds</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents.....	\$ 16,769	\$ 118,204	\$ 121,869	\$ 13,104
Investments.....	2,857	436	1,885	1,408
Total Assets.....	\$ 19,626	\$ 118,640	\$ 123,754	\$ 14,512
<u>LIABILITIES</u>				
Custodial Funds Payable.....	19,626	118,640	123,754	14,512
Total Liabilities.....	\$ 19,626	\$ 118,640	\$ 123,754	\$ 14,512

Statistical Section

(Unaudited)



STATE OF NEW HAMPSHIRE
SCHEDULE OF NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting, Expressed in Thousands)

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities								
Invested in capital assets, net of related debt	\$ 1,695,688	\$ 1,674,011	\$ 1,547,866	\$ 1,430,849	\$ 1,314,663	\$ 1,255,739	\$ 1,179,736	\$ 1,260,145
Restricted	291,513	366,662	355,883	311,460	262,938	245,194	235,209	250,391
Unrestricted (1)	3,102	213,570	477,791	411,025	417,238	306,117	293,567	330,009
Total governmental activities net assets	<u>\$ 1,990,303</u>	<u>\$ 2,254,243</u>	<u>\$ 2,381,540</u>	<u>\$ 2,153,334</u>	<u>\$ 1,994,839</u>	<u>\$ 1,807,050</u>	<u>\$ 1,708,512</u>	<u>\$ 1,840,545</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 341,422	\$ 316,330	\$ 298,150	\$ 276,083	\$ 238,080	\$ 212,708	\$ 183,086	\$ 176,118
Restricted	150,387	264,782	307,056	325,307	318,143	299,755	305,061	366,772
Unrestricted (1)	41,360	35,234	21,747	14,059	29,171	37,568	53,151	53,584
Total business-type activities net assets	<u>\$ 533,169</u>	<u>\$ 616,346</u>	<u>\$ 626,953</u>	<u>\$ 615,449</u>	<u>\$ 585,394</u>	<u>\$ 550,031</u>	<u>\$ 541,298</u>	<u>\$ 596,474</u>
Primary government								
Invested in capital assets, net of related debt	\$ 2,037,110	\$ 1,990,341	\$ 1,846,016	\$ 1,706,932	\$ 1,552,743	\$ 1,468,447	\$ 1,362,822	\$ 1,436,263
Restricted	441,900	631,444	662,939	636,767	581,081	544,949	540,270	617,163
Unrestricted (1)	44,462	248,804	499,538	425,084	446,409	343,685	346,718	383,593
Total primary government net assets	<u>\$ 2,523,472</u>	<u>\$ 2,870,589</u>	<u>\$ 3,008,493</u>	<u>\$ 2,768,783</u>	<u>\$ 2,580,233</u>	<u>\$ 2,357,081</u>	<u>\$ 2,249,810</u>	<u>\$ 2,437,019</u>

(1) 2008 amounts were restated due to the provisions of GASB Statement 49 implemented in 2009.

Note: The state did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2002.

STATE OF NEW HAMPSHIRE
SCHEDULE OF CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Accrual Basis of Accounting, Expressed in Thousands)

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities:								
Expenses								
General government	\$ 495,720	\$ 420,367	\$ 358,060	\$ 353,814	\$ 331,651	\$ 263,634	\$ 250,160	\$ 185,269
Administration of justice and public protection	438,273	420,120	341,501	345,779	288,737	278,392	283,944	231,309
Resource protection and development	139,574	138,215	139,096	131,812	130,113	124,357	128,320	115,670
Transportation	518,415	443,258	411,475	416,518	383,435	380,358	488,947	419,048
Health and social services	1,980,286	1,877,924	1,714,445	1,681,182	1,785,525	1,778,791	1,516,228	1,358,774
Education	1,346,221	1,343,253	1,310,261	1,289,684	1,235,183	1,318,503	1,301,202	1,292,751
Interest expense	31,546	26,115	28,180	27,991	29,467	27,062	28,525	30,609
Total expenses	4,950,035	4,669,252	4,303,018	4,246,780	4,184,111	4,171,097	3,997,326	3,633,430
Program revenues								
Charges for services:								
General government	208,219	192,436	156,973	175,108	141,883	110,136	98,653	66,629
Administration of justice and public protection	315,081	315,613	297,505	279,700	282,820	272,943	260,782	247,972
Resource protection and development	64,216	62,406	64,304	63,333	62,381	51,423	60,752	56,114
Transportation	33,249	19,093	14,564	20,622	17,466	10,018	5,211	7,058
Health and social services	98,491	76,392	74,297	84,445	199,245	154,242	96,823	81,071
Education	(1,330)	879	42,767	41,749	38,690	39,821	36,085	32,413
Operating grants and contributions	1,599,262	1,424,014	1,367,207	1,340,495	1,359,477	1,369,236	1,194,229	1,003,587
Capital grants and contributions	208,309	194,637	184,409	195,142	159,238	159,015	153,630	200,429
Total program revenues	2,525,497	2,285,470	2,202,026	2,200,594	2,261,200	2,166,834	1,906,165	1,695,273
Total Governmental Activities Net Program Expense	(2,424,538)	(2,383,782)	(2,100,992)	(2,046,186)	(1,922,911)	(2,004,263)	(2,091,161)	(1,938,157)
General Revenues and Other Changes in Net Assets								
Taxes								
General property taxes	395,151	387,952	384,708	384,873	393,426	494,364	504,191	502,604
Special taxes	1,167,226	1,329,137	1,383,540	1,282,467	1,240,922	1,142,406	1,070,627	1,059,080
Personal taxes	188,038	166,288	143,610	150,756	101,360	100,015	94,029	84,222
Business license taxes	145,973	151,321	151,472	149,502	154,335	151,744	145,422	141,851
Interest and investment income	15,291	18,169	35,631	11,895	6,557	5,832	7,851	12,889
Miscellaneous	56,174	48,314	43,695	39,759	46,156	42,620	48,827	51,030
Loss on transfer of assets to other entities	-	(106)	-	-	-	-	(64,001)	(7,725)
Transfers	192,745	188,602	186,542	185,429	167,944	165,820	152,182	148,727
Total General Revenues and Other Changes in Net Assets	2,160,598	2,289,677	2,329,198	2,204,681	2,110,700	2,102,801	1,959,128	1,981,078
Total Governmental Activities Change in Net Assets	\$ (263,940)	\$ (94,105)	\$ 228,206	\$ 158,495	\$ 187,789	\$ 98,538	\$ (132,033)	\$ 42,921
Business-type Activities:								
Expenses								
Turnpike System	\$ 80,433	\$ 80,411	\$ 72,136	\$ 75,580	\$ 58,582	\$ 56,816	\$ 58,080	\$ 55,677
Liquor Commission	385,794	367,847	349,084	330,701	313,838	295,798	277,135	259,986
Lottery Commission	172,630	186,906	186,907	183,871	160,282	165,532	157,036	149,791
Unemployment Compensation	280,385	119,645	95,673	81,582	82,549	116,802	143,429	120,623
Total expenses	919,242	754,809	703,800	671,734	615,251	634,948	635,680	586,077
Revenues								
Charges for services:								
Turnpike System	107,593	107,075	89,408	83,395	67,866	65,691	66,830	66,515
Liquor Commission	507,479	479,448	454,917	433,530	411,764	387,215	362,421	341,935
Lottery Commission	243,890	264,014	267,322	265,807	230,543	239,630	223,605	215,916
Unemployment Compensation	165,896	77,051	79,777	87,729	102,012	109,627	79,830	102,604
Capital grants and contributions	3,952	8,816	10,422	16,757	6,373	7,338	-	-
Total revenues	1,028,810	936,404	901,846	887,218	818,558	809,501	732,686	726,970
Total Business-type Activities Net Program Revenue	109,568	181,595	198,046	215,484	203,307	174,553	97,006	140,893
Other Changes in Net Assets								
Transfers	(192,745)	(188,602)	(186,542)	(185,429)	(167,944)	(165,820)	(152,182)	(148,727)
Total Other Changes in Net Assets	(192,745)	(188,602)	(186,542)	(185,429)	(167,944)	(165,820)	(152,182)	(148,727)
Total Business-type Activities Change in Net Assets	\$ (83,177)	\$ (7,007)	\$ 11,504	\$ 30,055	\$ 35,363	\$ 8,733	\$ (55,176)	\$ (7,834)
Total Primary Government Change in Net Assets	\$ (347,117)	\$ (101,112)	\$ 239,710	\$ 188,550	\$ 223,152	\$ 107,271	\$ (187,209)	\$ 35,087

Notes: The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2002.

STATE OF NEW HAMPSHIRE
SCHEDULE OF FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(Modified Accrual Basis of Accounting, Expressed in Thousands)

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
General fund								
Reserved	\$ 291,901	\$ 330,064	\$ 294,199	\$ 313,252	\$ 223,162	\$ 220,077	\$ 188,642	\$ 257,638
Unreserved	-	17,184	61,713	26,056	82,202	15,287	-	(37,869)
Total general fund	<u>\$ 291,901</u>	<u>\$ 347,248</u>	<u>\$ 355,912</u>	<u>\$ 339,308</u>	<u>\$ 305,364</u>	<u>\$ 235,364</u>	<u>\$ 188,642</u>	<u>\$ 219,769</u>
All other governmental funds								
Reserved	\$ 165,743	\$ 304,436	\$ 222,264	\$ 296,346	\$ 246,043	\$ 325,307	\$ 251,573	\$ 323,912
Unreserved, reported in:								
Special revenue funds	(50,281)	(23,511)	(15,385)	12,161	10,030	(6,689)	(9,982)	(1,513)
Capital project fund	(132,927)	(245,939)	(142,837)	(219,095)	(130,913)	(207,182)	(144,898)	(152,128)
Total all other governmental funds	<u>\$ (17,465)</u>	<u>\$ 34,986</u>	<u>\$ 64,042</u>	<u>\$ 89,412</u>	<u>\$ 125,160</u>	<u>\$ 111,436</u>	<u>\$ 96,693</u>	<u>\$ 170,271</u>

Notes: Due to changes in the state's fund structure initiated when GASB Statement 34 was implemented, the fund balance information is available only beginning in 2002.

STATE OF NEW HAMPSHIRE

SCHEDULE OF CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

LAST EIGHT FISCAL YEARS

(Modified Accrual Basis of Accounting, Expressed in Thousands)

	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Revenues								
General property taxes	\$ 392,951	\$ 387,552	\$ 385,308	\$ 384,273	\$ 392,276	\$ 493,614	\$ 504,891	\$ 501,704
Special taxes	1,168,412	1,352,476	1,301,889	1,237,742	1,216,864	1,137,423	1,054,577	1,018,713
Personal taxes	188,038	166,288	143,610	150,756	101,360	100,015	94,029	84,222
Business License Taxes	166,930	172,277	171,316	168,544	173,039	170,322	162,973	159,480
Non-Business License Taxes	183,974	187,103	181,171	167,476	173,800	169,592	163,764	155,279
Fees	155,528	153,675	143,541	139,319	132,264	121,636	116,266	111,044
Fines, Penalties and Interest	28,498	35,383	27,421	32,223	24,188	24,365	22,663	20,598
Grants from Federal Government	1,680,891	1,497,606	1,409,251	1,414,103	1,415,070	1,380,605	1,236,223	1,104,470
Grants from Private and Local Sources	160,365	147,682	130,297	124,633	103,856	139,976	117,978	101,248
Rents and Leases	1,574	1,051	1,396	1,360	1,296	1,457	1,333	1,612
Interest, Premiums and Discounts	19,774	24,440	46,286	19,091	11,970	5,101	11,700	7,583
Sale of Commodities	10,921	10,465	8,425	8,178	8,701	8,882	11,783	11,354
Sale of Service	76,489	62,499	93,054	94,700	166,472	153,423	94,314	88,892
Assessments	64,901	53,069	51,017	54,081	82,209	16,422	14,322	17,365
Grants from Other Agencies	18,130	7,265	10,887	22,869	20,583	5,659	4,644	3,241
Miscellaneous	157,950	168,130	124,702	150,260	155,059	164,421	159,922	119,753
Total Revenues	4,475,326	4,426,961	4,229,571	4,169,608	4,179,007	4,092,913	3,771,382	3,506,558
Expenditures								
General Government	380,799	346,347	314,597	308,187	311,755	217,050	211,475	116,665
Administration of Justice and Public Protection	374,532	353,675	330,616	326,360	278,905	259,579	254,551	235,113
Resource Protection and Development	153,204	161,485	170,249	159,099	159,575	163,155	162,006	136,224
Transportation	452,209	305,378	290,093	284,686	258,243	237,711	236,479	221,572
Health and Social Services	1,945,122	1,838,018	1,713,604	1,663,667	1,786,260	1,755,287	1,505,655	1,352,660
Education	1,274,261	1,304,734	1,273,184	1,260,372	1,208,781	1,281,614	1,263,036	1,286,651
Debt Service								
Principal	65,832	64,829	62,570	60,560	55,298	57,717	59,685	50,691
Interest	41,803	31,941	32,627	32,608	35,433	29,023	29,906	32,068
Capital Outlay	242,758	354,337	314,549	337,945	288,150	281,348	316,403	289,050
Total expenditures	4,930,520	4,760,744	4,502,089	4,433,484	4,382,400	4,282,484	4,039,196	3,720,694
Revenues Over (Under) Expenditures	(455,194)	(333,783)	(272,518)	(263,876)	(203,393)	(189,571)	(267,814)	(214,136)
Other Financing Sources (Uses)								
Transfers In	58,458	35,986	43,373	7,183	41,311	59,716	68,796	86,434
Transfers In from Enterprise Funds	192,745	188,602	186,542	185,429	167,944	165,820	152,182	148,727
Transfers Out	(58,458)	(35,986)	(43,373)	(7,183)	(41,311)	(59,716)	(68,796)	(86,434)
G.O. Bond Premiums	2,219	6,548	7,386	1,462	181	3,417	6,912	3,340
G.O. Bond Issuance	179,380	161,320	196,885	75,000	117,800	80,000	101,477	105,130
Payments to Refunding Bond Escrow Agent	(30,255)	(60,000)	(127,787)				(97,830)	
Repayment of BANS								(50,000)
Capital Lease Acquisition	296	198	810	537		134	1,159	2,600
Total Other Financing Sources (Uses)	344,385	296,668	263,836	262,428	285,925	249,371	163,900	209,797
Change in Reserve for Inventory	3,011	(605)	(84)	(356)	1,192	1,665	(791)	1,934
Net Change in Fund Balances	\$(107,798)	\$ (37,720)	\$ (8,766)	\$ (1,804)	\$ 83,724	\$ 61,465	\$(104,705)	\$ (2,405)
Debt Service as a Percentage of Non-Capital Expenditure:	2.4%	2.2%	2.3%	2.3%	2.3%	2.2%	2.5%	2.5%

Notes: Due to changes in the state's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is available only beginning in 2002.

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNRESTRICTED REVENUE - GAAP BASIS
GENERAL FUND
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Fiscal Year Ended June 30

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Beer Tax.....	\$ 12,695	\$ 12,720	\$ 12,728	\$ 12,805	\$ 12,413	\$ 12,445	\$ 12,281	\$ 12,157	\$ 11,656	\$ 12,090
Board and Care Revenue.....	21,338	19,937	18,354	13,261	15,583	12,384	11,197	10,692	13,333	11,953
Business Profits Tax.....	251,925	317,439	287,423	264,027	196,647	131,585	137,757	128,574	179,615	146,443
Business Enterprise Tax.....	61,889	77,710	79,291	75,190	114,110	118,538	96,574	121,016	122,165	94,354
Estate and Legacy Tax.....	(4)	214	617	3,224	11,659	26,971	59,074	56,958	59,348	56,368
Insurance Tax.....	94,144	95,876	97,909	90,462	88,706	86,246	82,161	76,094	66,441	59,336
Securities Revenue.....	34,680	34,700	32,964	30,064	27,904	26,344	25,778	26,060	28,023	25,513
Interest and Dividends Tax.....	97,126	118,693	108,086	80,543	67,896	55,630	55,129	70,334	76,651	65,522
Liquor.....	146,000	133,052	124,742	120,644	112,555	106,676	98,996	96,237	89,344	86,015
Meals and Rooms Tax.....	203,603	206,726	202,595	193,788	186,486	178,480	168,722	164,045	157,202	149,777
Dog Racing.....	385	525	703	559	1,112	1,515	1,572	1,487	1,262	1,058
Horse Racing.....	1,633	2,440	2,398	2,313	2,401	2,474	2,459	2,701	2,592	2,429
Real Estate Transfer Tax.....	53,539	77,690	91,704	106,161	107,821	95,162	78,859	66,393	59,488	56,779
Telephone/Communications Tax.....	80,243	80,932	72,986	70,496	70,039	65,781	62,522	64,663	49,045	47,794
Tobacco Tax.....	59,257	57,060	65,337	69,892	73,159	71,471	67,066	60,294	61,007	68,381
Tobacco Settlement.....	12,821	8,404			2,441	1,816	5,862	5,725		442
Utilities Tax.....	6,535	6,285	5,757	6,385	6,265	5,121	7,078	5,565	9,656	9,974
Courts Fines and Fees.....	29,295	31,300	30,452	29,500	25,517	24,673	22,114	23,234	23,218	22,845
Flexible Grant.....						25,000	25,000			
Other:										
Corporate Returns.....	647	682	678	744	733	748	750	711	681	676
Interstate Vehicle Registrations.....	1,231	1,362	167	2,411	2,334	2,253	2,310	2,377	2,602	2,860
Corporate Filing Fees.....	3,271	3,346	3,414	3,716	3,231	2,947	3,346	3,341	3,427	3,436
Interest on Surplus Funds.....	404	5,352	7,776	4,868	1712	174	75	1,250	3,754	3,201
Reimbursement of Indirect Costs.....	7,214	6,858	6,822	6,265	6,724	6,671	5,675	5,511	4,255	4,094
Miscellaneous.....	74,031	71,412	69,612	44,092	44,878	44,258	40,409	32,403	32,917	27,877
Subtotal.....	1,253,902	1,370,715	1,322,515	1,231,410	1,182,326	1,105,363	1,072,766	1,037,822	1,057,682	959,217
Net Medicaid Enhancement										
Revenues (MER).....	99,626	93,111	83,257	73,617	147,209	149,831	116,979	98,208	85,217	74,230
Recoveries.....	21,827	20,108	15,875	24,462	22,989	20,374				
Subtotal.....	1,375,355	1,483,934	1,421,647	1,329,489	1,352,524	1,275,568	1,189,745	1,136,030	1,142,899	1,033,447
Other MER Transferred to/(from)										
Uncompensated Care Pool.....					39,062	35,143	16,594	16,263	12,966	12,915
Total Unrestricted Revenue.....	\$ 1,375,355	\$ 1,483,934	\$ 1,421,647	\$ 1,329,489	\$ 1,391,586	\$ 1,310,711	\$ 1,206,339	\$ 1,152,293	\$ 1,155,865	\$ 1,046,362

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNDESIGNATED FUND BALANCE - GENERAL FUND
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Balance, July 1 (Budgetary Method).....	\$ 103,494	\$ 92,966	\$ 80,329	\$ 123,174	\$ 73,757	\$ 20,047	\$ 23,309	\$ 136,349	\$ 62,450	\$ 119,484
Additions:										
Unrestricted Revenue.....	1,375,355	1,483,934	1,421,647	1,329,489	1,352,524	1,275,568	1,189,745	1,136,030	1,142,899	1,033,447
(1) Unrestricted Revenue - UCP.....					39,062	35,143	16,594	16,263	12,966	12,915
Total Unrestricted Revenue.....	1,375,355	1,483,934	1,421,647	1,329,489	1,391,586	1,310,711	1,206,339	1,152,293	1,155,865	1,046,362
Transfer from Other Funds.....	865	47,409	1,938	27,013	8,709	9,161	517	3,358	1,787	778
Bonds Authorized and Unissued.....					42,800			5,130		
Additional Lottery Transfer.....										
Other Credits.....	529	437	116	137	1,126	821	35	247	48	214
Total Additions.....	1,376,749	1,531,780	1,423,701	1,356,639	1,444,221	1,320,693	1,206,891	1,161,028	1,157,700	1,047,354
Deductions:										
Appropriations Net of Estimated Revenues:										
General Government.....	342,736	338,358	297,294	281,005	303,522	248,390	233,118	228,190	227,278	226,440
Administration of Justice and Public Protection.....	209,521	222,982	200,236	195,145	172,289	168,515	163,516	161,406	154,450	149,503
Resource Protection and Development.....	42,348	45,674	43,078	42,056	41,454	41,673	41,161	41,511	38,764	37,753
Transportation.....	1,155	1,173	2,704	6,021	2,885	2,759	3,286	3,399	2,920	3,034
Health and Social Services.....	678,334	695,610	633,792	614,948	608,735	589,392	516,550	498,534	242,393	242,442
Education.....	197,570	236,560	223,498	210,520	256,466	247,543	265,552	242,657	175,520	166,644
Liquor Commission.....	37,570	35,465	31,949	30,585	27,562	28,879	24,943	25,035	22,860	23,417
(2) Special Fund.....									238,823	231,867
Subtotal.....	1,509,234	1,575,822	1,432,551	1,380,280	1,412,913	1,327,151	1,248,126	1,200,732	1,103,008	1,081,100
Uncompensated Care Pool.....					39,062	35,143	16,594	16,263	12,966	12,915
Health Care Transition Fund (HCTF).....										
Total Appropriations Net of Estimated Revenues.....	1,509,234	1,575,822	1,432,551	1,380,280	1,451,975	1,362,294	1,264,720	1,216,995	1,115,974	1,094,015
Less: Lapses.....	(71,246)	(61,628)	(41,582)	(34,045)	(57,969)	(57,491)	(20,650)	(26,179)	(33,010)	(22,913)
Lapses - HCTF.....									(95)	(342)
Total Lapses.....	(71,246)	(61,628)	(41,582)	(34,045)	(57,969)	(57,491)	(20,650)	(26,179)	(33,105)	(23,255)
Net Appropriations.....	1,437,988	1,514,194	1,390,969	1,346,235	1,394,006	1,304,803	1,244,070	1,190,816	1,082,869	1,070,760
Transfers to Other Funds.....	18,067	6,887			757					65
Other Debits.....	94	171	95	1,547	41	37			105	1,037
Transfer to (from) Fund Equity										
Designation or Reserve Accounts.....			20,000	51,702	-	(37,857)	(33,917)	83,252	827	32,526
Total Deductions.....	1,456,149	1,521,252	1,411,064	1,399,484	1,394,804	1,266,983	1,210,153	1,274,068	1,083,801	1,104,388
Balance, June 30 (Budgetary Method).....	24,094	103,494	92,966	80,329	123,174	73,757	20,047	23,309	136,349	62,450
GAAP Adjustments:										
Receivables.....	55,183	41,090	33,647	39,098	34,313	32,722	29,676	26,254	4,121	2,845
Accounts Payable and Accrued Liabilities.....	(100,100)	(106,756)	(100,451)	(88,809)	(93,773)	(94,872)	(88,271)	(67,704)	(44,552)	(48,721)
Transfer from General to Liquor Fund.....	(5,973)	(5,322)	(5,030)	(4,562)	(4,012)	(4,191)	(4,324)	(3,148)	(2,738)	(2,686)
Transfer from General to Special Fund.....									(9,833)	(9,889)
Additional Transfers (to) from Reserve Accounts.....	79,734						37,857		(83,347)	
Total GAAP Adjustments.....	28,844	(70,988)	(71,834)	(54,273)	(63,472)	(66,341)	(25,062)	(44,598)	(136,349)	(58,451)
Year-End Transfer to/from the.....										
Education Trust Fund.....	(52,938)	(15,322)	40,581		22,500	7,871	5,015	(16,580)		
Balance (Deficit), June 30 (GAAP).....	\$ 24,094	\$ 17,184	\$ 61,713	\$ 26,056	\$ 82,202	\$ 15,287	\$ 20,047	\$ (37,869)	\$ 136,349	\$ 3,999

(1) UCP = Uncompensated Care Pool

(2) In fiscal year 2002, the special fund, which was used to capture federal grants and state match, was combined with the general fund.

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNDESIGNATED FUND BALANCE
EDUCATION FUND
FOR FISCAL YEARS 1999 TO 2009
(Expressed in Thousands)

	Fiscal Year Ended June 30										
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Balance July 1.....	\$	\$	\$ 8,357	\$	\$	\$	\$	\$	\$ 66,348	\$	124,783
Additions											
Unrestricted Revenue											
Statewide Property Tax.....	363,653	363,066	363,335	363,392	350,368	443,350	452,997	454,135	417,964		417,975
Statewide Property Tax.....	-	58	-	-	20,934	29,844	32,666	28,987	24,194		24,150
Utility Property Tax.....	28,972	24,196	21,847	20,881	20,102	20,160	18,834	18,170	15,621		31,167
BPT Increase.....	53,894	67,961	57,755	56,578	50,748	41,000	37,100	32,645	15,800		22,400
BET Increase.....	123,389	154,990	174,208	150,380	130,600	116,900	121,400	101,215	36,700		54,100
Meals & Rooms.....	6,107	7,632	7,218	7,138	7,153	6,875	6,701	6,604	6,859		6,350
Real Estate Tax Increase	27,736	38,616	45,663	52,545	51,960	47,515	39,426	33,073	29,735		28,231
Tobacco Tax Increase.....	128,796	109,260	78,283	80,902	28,214	28,582	26,977	23,968	25,356		26,649
Tobacco Settlement.....	40,000	40,000	40,781	38,961	40,000	40,000	40,000	40,000	38,745		37,750
Initial Tobacco Settlement Payment.....											16,000
Lottery Proceeds.....	69,619	77,010	80,548	81,987	70,263	73,745	66,569	66,125	59,348		61,517
Other									175		2,924
Total Revenue.....	842,166	882,789	869,638	852,764	770,342	847,971	842,670	804,922	670,497		729,213
General Fund Budgeted Appropriations.....					61,378	62,590	83,420	65,690	40,559		39,584
Total Additions.....	842,166	882,789	869,638	852,764	831,720	910,561	926,090	870,612	711,056		768,797
Deductions											
Appropriations											
Adequate Education Grant.....	529,085	529,075	472,783	473,534	441,610	451,640	443,873	426,523	406,817		406,817
Adequate Education Grant.....	363,653	363,066	363,335	363,392	350,368	443,350	452,997	454,135	417,964		417,975
Total Grants.....	892,738	892,141	836,118	836,926	791,978	894,990	896,870	880,658	824,781		824,792
DOE-Hardship Grants.....	5,000	5,000	5,000	5,000	1,000		5,000	5,000	769		1,162
DRA-Property Tax Relief.....	390	700	(1,200)	(2,100)	(2,800)	7,700					
DRA-Tax Relief Admin.....											200
DOE-Kindergarten Aid.....			2,004				2,625	1,972			950
DOE-Admin. & Computers.....											169
Total Appropriations.....	898,128	897,841	841,922	839,826	790,178	902,690	904,495	887,630	825,550		827,273
Less Lapses.....	(3,024)	270	(4,508)	4,581	19,042			(438)	(25)		(41)
Net Appropriations.....	895,104	898,111	837,414	844,407	809,220	902,690	904,495	887,192	825,525		827,232
Current Year Balance.....	(52,938)	(15,322)	32,224	8,357	22,500	7,871	21,595	(16,580)	(114,469)		(58,435)
End of Year Transfers From(To)											
General Fund.....											
FY 2000.....											\$ 124,783
FY 2001.....									48,121		
FY 2002.....								16,580			
FY 2003.....							(16,580)				
FY 2003.....							(5,015)				
FY 2004.....						(7,871)					
FY 2005.....					(22,500)						
FY 2007.....			(40,581)								
FY 2008.....		15,322									
FY 2009.....	52,938										
Balance June 30.....	\$	\$	\$	\$ 8,357	\$	\$	\$	\$	\$	\$ 66,348	\$ 124,783

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNDESIGNATED FUND BALANCE
HIGHWAY FUND
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Balance (Deficit) July 1 (Budgetary Method).....	\$ (13,691)	\$ (3,940)	\$ 17,738	\$ 13,792	\$ 3,063	\$ (4,271)	\$ 6,227	\$ (13,274)	\$ (7,346)	\$ 1,454
Additions:										
Unrestricted Revenue:										
Gasoline Tax.....	132,125	137,036	129,514	127,924	131,975	129,863	124,221	121,665	119,507	116,050
Motor Vehicle Fees.....	99,312	100,908	93,327	85,747	93,190	89,934	87,725	83,715	72,066	69,882
Other.....	17,031	11,035	15,817	14,183	7,418	6,270	4,737	6,343	8,872	8,344
Total Unrestricted Revenue.....	248,468	248,979	238,658	227,854	232,583	226,067	216,683	211,723	200,445	194,276
Other Credits *.....								19,436		1202
Total Additions.....	248,468	248,979	238,658	227,854	232,583	226,067	216,683	231,159	200,445	195,478
Deductions:										
Appropriations Net of										
Estimated Revenues.....	300,721	283,195	281,647	275,775	253,894	235,021	238,453	229,962	222,593	214,021
Less: Appropriation Adjustment ***.....			(8,000)	(33,100)	(26,600)					
Less: Lapses **.....	(28,675)	(20,902)	(14,957)	(14,233)	(12,307)	(16,677)	(13,133)	(23,149)	(14,064)	(24,607)
Net Appropriations.....	272,046	262,293	258,690	228,442	214,987	218,344	225,320	206,813	208,529	189,414
Bonds Authorized and Unissued.....										13,309
Other Debits.....	(1,908)	(3,563)	1,646	466	1,867	389	1,861	(155)	2,844	1,555
Total Deductions.....	270,138	258,730	260,336	228,908	216,854	218,733	227,181	206,658	211,373	204,278
Balance, June 30 (Budgetary Method).....	(35,361)	(13,691)	(3,940)	17,738	13,792	3,063	(4,271)	6,227	(13,274)	(7,346)
GAAP Adjustment:										
Receivables.....	3,645	1,270	1,948	4,006	1,413	19	1,511	360	271	1,596
Accounts Payable and										
Accrued Liabilities.....	(23,146)	(15,087)	(15,889)	(20,493)	(13,231)	(12,644)	(9,851)	(10,696)	(8,414)	(9,956)
Total GAAP Adjustments.....	(19,501)	(13,817)	(13,941)	(16,487)	(11,818)	(12,525)	(8,340)	(10,336)	(8,143)	(8,360)
Balance (Deficit), June 30 (GAAP).....	\$ (54,862)	\$ (27,508)	\$ (17,881)	\$ 1,251	\$ 6,974	\$ (9,462)	\$ (12,611)	\$ (4,109)	\$ (26,417)	\$ (15,706)

* FY 2002 - Other Credits of \$19,436 represents local revenue in excess of estimates accumulated over several years.

** FY 2002 Lapse increases by \$6.3 million for close out of Federal Funds and related state match.

*** FY2007, FY 2006 & FY2005 Adjustment in accordance with Ch 176:9,II, L'05 where net appropriations for the Consolidated Federal Account is reduced and transferred to Undesignated Surplus.

STATE OF NEW HAMPSHIRE
SCHEDULE OF UNDESIGNATED FUND BALANCE
FISH AND GAME FUND
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	Fiscal Year Ended June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Balance, July 1 (Budgetary Method).....	\$ 5,406	\$ 3,533	\$ 3,639	\$ 4,336	\$ 3,763	\$ 3,616	\$ 3,324	\$ 3,599	\$ 4,277	\$ 5,464
Additions:										
Unrestricted Revenue.....	10,269	10,741	10,248	9,558	9,530	9,164	8,924	8,374	8,230	7,928
Other Credits.....	1,655	1,828	854	850	1,153	507	939	806	811	878
Total Additions.....	11,924	12,569	11,102	10,408	10,683	9,671	9,863	9,180	9,041	8,806
Deductions:										
Appropriations Net of Estimated Revenues.....	13,541	12,604	12,869	12,281	11,236	10,651	10,593	10,545	10,238	10,419
Less: Lapses.....	(2,252)	(1,908)	(1,743)	(1,359)	(1,126)	(1,127)	(1,024)	(1,131)	(667)	(426)
Net Appropriations.....	11,289	10,696	11,126	10,922	10,110	9,524	9,569	9,414	9,571	9,993
Other Debits.....	196		82	183			2	41	148	
Total Deductions.....	11,485	10,696	11,208	11,105	10,110	9,524	9,571	9,455	9,719	9,993
Current Year Balance.....	439	1,873	(106)	(697)	573	147	292	(275)	(678)	(1,187)
Balance, June 30 (Budgetary Method).	5,845	5,406	3,533	3,639	4,336	3,763	3,616	3,324	3,599	4,277
GAAP Adjustment:										
Receivables.....	344	394	354	343	421	289	229	299	152	160
Accounts Payable and Accrued Liabilities.....	(1,608)	(1,803)	(1,391)	(1,429)	(1,701)	(1,279)	(1,216)	(1,027)	(1,036)	(1,178)
Total GAAP Adjustments.....	(1,264)	(1,409)	(1,037)	(1,086)	(1,280)	(990)	(987)	(728)	(884)	(1,018)
Balance, June 30 (GAAP).....	\$ 4,581	\$ 3,997	\$ 2,496	\$ 2,553	\$ 3,056	\$ 2,773	\$ 2,629	\$ 2,596	\$ 2,715	\$ 3,259

STATE OF NEW HAMPSHIRE
SCHEDULE OF BUSINESS TAX FILERS AND LIABILITY BY TAX PAID LEVEL

BUSINESS PROFITS TAX - BPT (1)

Taxes Paid Level	FISCAL YEAR 2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,051	28%	\$263,820,090	95%
\$1,000 - \$4,999	4,564	31%	11,405,749	4%
Under \$1,000	5,879	41%	1,888,686	1%
	<u>14,494</u>	<u>100%</u>	<u>\$277,114,525</u>	<u>100%</u>

BUSINESS ENTERPRISE TAX - BET (2)

	FISCAL YEAR 2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	5,198	12%	\$146,943,764	78%
	14,259	34%	30,659,274	16%
	22,194	53%	9,858,184	5%
	<u>41,651</u>	<u>100%</u>	<u>\$187,461,221</u>	<u>100%</u>

BUSINESS PROFITS TAX - BPT (1)

Taxes Paid Level	FISCAL YEAR 2008			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,245	29%	\$345,675,439	96%
\$1,000 - \$4,999	4,549	31%	11,367,721	3%
Under \$1,000	5,986	41%	1,891,098	1%
	<u>14,780</u>	<u>100%</u>	<u>\$358,934,257</u>	<u>100%</u>

BUSINESS ENTERPRISE TAX - BET (2)

	FISCAL YEAR 2008			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	5,096	12%	\$139,909,338	78%
	14,146	34%	30,627,097	17%
	22,554	54%	9,962,503	6%
	<u>41,796</u>	<u>100%</u>	<u>\$180,498,938</u>	<u>100%</u>

BUSINESS PROFITS TAX - BPT (1)

Taxes Paid Level	FISCAL YEAR 2007			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,063	29%	\$285,614,405	96%
\$1,000 - \$4,999	4,226	31%	10,633,566	4%
Under \$1,000	5,566	40%	1,769,780	1%
	<u>13,855</u>	<u>100%</u>	<u>\$298,017,751</u>	<u>100%</u>

BUSINESS ENTERPRISE TAX - BET (2)

	FISCAL YEAR 2007			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	4,832	12%	\$140,626,678	79%
	13,270	34%	28,834,377	16%
	21,142	54%	9,272,383	5%
	<u>39,244</u>	<u>100%</u>	<u>\$178,733,438</u>	<u>100%</u>

BUSINESS PROFITS TAX - BPT (1)

Taxes Paid Level	FISCAL YEAR 2006			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,176	30%	\$227,772,952	95%
\$1,000 - \$4,999	4,418	32%	11,273,616	5%
Under \$1,000	5,450	39%	1,721,564	1%
	<u>14,044</u>	<u>101%</u>	<u>\$240,768,132</u>	<u>100%</u>

BUSINESS ENTERPRISE TAX - BET (2)

	FISCAL YEAR 2006			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	4,739	12%	\$132,537,782	77%
	13,419	34%	28,879,717	17%
	22,234	57%	9,708,523	6%
	<u>40,392</u>	<u>103%</u>	<u>\$171,126,022</u>	<u>100%</u>

Notes:

- (1) 8.5% tax assessed on income from conducting business activity within the state. For multi-state businesses, income is apportioned, using a weighted sales factor of 2 and the payroll and property factors.
- (2) 0.75% tax assessed on the enterprise value tax base, which is the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business enterprise, after special adjustments and apportionment.

STATE OF NEW HAMPSHIRE
SCHEDULE OF STATEWIDE PROPERTY TAX FOR TOP TEN CITIES/TOWNS
IN THOUSANDS

<u>FISCAL YEAR 2009</u>				<u>FISCAL YEAR 2008</u>			
<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>	<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>
Manchester	1	\$ 10,183,639	\$21,793	Manchester	1	\$10,269,201	\$23,003
Nashua	2	9,633,372	20,615	Nashua	2	9,221,057	20,655
Salem	3	4,635,936	9,921	Salem	3	4,665,501	10,451
Portsmouth	4	4,051,242	8,670	Portsmouth	4	3,721,855	8,337
Concord	5	3,801,508	8,135	Concord	5	3,548,823	7,949
Bedford	6	3,497,190	7,484	Bedford	6	3,339,184	7,480
Merrimack	7	3,270,597	6,999	Derry	7	3,230,275	7,236
Hampton	8	3,146,653	6,734	Merrimack	8	3,205,670	7,181
Derry	9	3,125,324	6,688	Hampton	9	3,064,552	6,865
Londonderry	10	3,096,080	6,626	Londonderry	10	3,055,707	6,845

<u>FISCAL YEAR 2007</u>				<u>FISCAL YEAR 2006</u>			
<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>	<u>City/Town</u>	<u>Rank</u>	<u>Equalized Value</u>	<u>Warrant Amount</u>
Manchester	1	\$ 9,316,890	\$23,432	Manchester	1	\$ 8,023,599	\$22,787
Nashua	2	8,362,475	21,032	Nashua	2	7,915,678	22,481
Salem	3	4,145,370	10,426	Salem	3	3,740,564	10,623
Portsmouth	4	3,403,768	8,560	Portsmouth	4	3,124,993	8,875
Concord	5	3,278,261	8,245	Concord	5	2,886,158	8,197
Bedford	6	3,019,624	7,594	Bedford	6	2,823,518	8,019
Merrimack	7	2,918,653	7,340	Merrimack	7	2,693,810	7,650
Londonderry	8	2,813,405	7,076	Londonderry	8	2,651,045	7,529
Derry	9	2,813,359	7,076	Derry	9	2,466,833	7,006
Hampton	10	2,749,152	6,914	Hampton	10	2,422,951	6,881

Source: New Hampshire Department of Revenue, warrants for Tax Year 2008, 2007, 2006 and 2005

Notes: The rate per \$1,000 of equalized value for fiscal years 2009, 2008, 2007 and 2006 were \$2.14, \$2.24, \$2.515 and \$2.84, respectively

STATE OF NEW HAMPSHIRE
SCHEDULE OF SALES BY TOP TEN STATE LIQUOR RETAIL LOCATIONS
LAST TEN FISCAL YEARS
IN MILLIONS

<u>Location</u>	<u>FISCAL YEAR</u>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Hampton - North	\$ 27.4	\$ 26.6	\$ 25.3	\$ 23.9	\$ 23.1	\$ 22.7	\$ 21.6	\$ 20.0	\$ 18.4	\$ 17.6
Hampton - South	23.9	23.4	22.8	21.2	20.6	20.1	18.7	17.6	14.8	14.4
Portsmouth Traffic Circle	22.1	21.2	20.3	19.3	18.2	17.3	16.8	16.3	14.9	14.1
Salem	19.4	18.6	17.4	16.4	15.9	15.1	14.0	13.5	12.3	12.0
Hooksett - North	16.4	15.5	14.7	13.9	13.8	13.0	12.3	11.5	10.8	10.3
Nashua	15.9	13.1	12.7	12.9	12.4	12.9	12.8	12.8	12.6	11.5
Nashua	13.2	13.0	11.9	11.0	11.2	10.3	9.8	11.4	11.7	9.6
Hooksett - South	12.9	12.2	11.6	11.1	10.9	10.4	9.7	8.9	8.3	7.9
West Lebanon	10.9	10.0	9.7	9.5	9.2	8.8	8.6	8.9	8.8	8.8
Keene	9.9	9.6	8.6	7.3	4.6	4.3	4.9	4.6	4.0	3.9
Total	<u>\$ 172.0</u>	<u>\$163.2</u>	<u>\$155.0</u>	<u>\$146.5</u>	<u>\$139.9</u>	<u>\$134.9</u>	<u>\$129.2</u>	<u>\$ 125.5</u>	<u>\$116.6</u>	<u>\$110.1</u>

Source: New Hampshire State Liquor Commission

STATE OF NEW HAMPSHIRE
SCHEDULE OF RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(Expressed in Thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases	General Obligation Bonds	Revenue Bonds	Capital Leases			
2009	\$ 810,233		\$4,038	\$ 1,301	\$244,032	\$ 364	1,059,968	1.7%	798
2008	735,176		5,146	2,821	256,965	487	1,000,595	1.8%	760
2007	710,875		5,825	4,376	269,084	618	990,778	1.8%	755
2006	701,730		6,085	7,067	284,175	852	999,909	1.9%	764
2005	690,191		6,438	10,795	294,774	1,072	1,003,270	2.1%	771
2004	634,130	50,000	7,462	14,362	305,857	1,120	1,012,931	2.1%	784
2003	611,078	50,000	8,162	18,383	313,644	1,327	1,002,594	2.3%	783
2002	660,204		7,981	22,185	321,161	1,583	1,013,114	2.3%	797
2001	602,185	50,000	7,286	26,221	331,480		1,017,172	2.4%	809
2000	561,696		11,669	30,414	338,092		941,871	2.3%	760

Notes: Details regarding the state's debt can be found in Note 5 of the financial statements. See Schedule of Demographic and Economic Statistics for personal income and population data.

STATE OF NEW HAMPSHIRE
SCHEDULE OF RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	(Expressed in Thousands)				
	(1)	(2)	(3)	Ratio Of General Long-Term Debt To Assessed Value	General Long-Term Debt Per Capita
	Population	Assessed Value	General Long-Term Debt		
2009	1,328	\$ 178,583,697	\$ 811,534	0.45	\$ 611
2008	1,316	170,079,711	737,997	0.43	561
2007	1,312	173,624,015	715,251	0.41	545
2006	1,309	173,176,615	708,797	0.41	541
2005	1,301	165,222,644	700,986	0.42	539
2004	1,292	147,483,615	648,492	0.44	502
2003	1,281	131,148,359	629,461	0.48	491
2002	1,271	114,813,249	682,389	0.59	537
2001	1,257	99,073,654	628,406	0.63	500
2000	1,240	86,703,541	592,110	0.68	478

Source: (1) U.S. Dept. of Commerce, Bureau of Census, reflects the most current available data for all years represented (2009 estimated).
 (2) New Hampshire Department of Revenue Administration (2009 estimated). Equalization evaluation.
 (3) Includes all General Obligation Bonds Payable of the Primary Government.

STATE OF NEW HAMPSHIRE
SCHEDULE OF PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
 (Expressed in Thousands)

Turnpike System Revenue Bonds											
Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available For Debt Service			Revenue Bond Coverage Ratio	G.O. Bond Debt Service Requirements		Renewal & Replacement	Total	All Obligations Coverage Ratio
			(1)	Service	Requirements	(2)	Ratio	Requirements	Requirements		
2009	\$ 107,660	\$40,361	(1)	\$ 67,299	\$ 25,873	(2)	2.60	\$ 1,597	\$ 10,040	\$ 37,510	1.79
2008	106,814	37,122	(1)	69,692	25,710		2.71	1,713	8,300	35,723	1.95
2007	89,054	36,158	(1)	52,896	28,078		1.88	2,985	6,047	37,110	1.43
2006	83,054	41,784	(1)	41,270	25,831		1.60	4,219	5,871	35,921	1.15
2005	68,318	30,041		38,277	27,003		1.42	4,246	5,700	36,949	1.04
2004	66,463	26,568		39,895	23,865		1.67	4,842	5,600	34,307	1.16
2003	67,086	24,505		42,581	24,749		1.72	5,183	5,700	35,632	1.20
2002	66,218	23,877		42,341	26,452		1.60	5,415	5,365	37,232	1.14
2001	63,981	21,352		42,629	25,352		1.68	5,696	5,431	36,479	1.17
2000	63,034	22,064		40,970	26,452		1.55	5,973	5,308	37,733	1.09

(1) Fiscal years 2006 through 2009 calculations of Direct Operating Expenses subtract out the entire amount of current year depreciation expense (Turnpikes, Federal, & Highway match portions). However, prior year calculations still reflect the historical practice of subtracting only the Turnpikes portion of depreciation expense.

(2) The fiscal year 2009 debt service requirement consists of total payments to the Debt Service Account as required by the bond resolution. Debt service requirement calculations in the previous fiscal years consisted of the actual principal and interest paid over the fiscal year.

STATE OF NEW HAMPSHIRE
SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Population (in thousands)	1,328	1,316	1,312	1,309	1,301	1,292	1,281	1,271	1,257	1,240
% Change	0.9%	0.3%	0.2%	0.6%	0.7%	0.9%	0.8%	1.1%	1.4%	1.5%
Total Personal Income (in millions)	62,890	56,356	54,640	51,964	48,681	47,190	44,327	43,393	42,624	41,429
% Change	11.6%	3.1%	5.1%	6.7%	3.2%	6.5%	2.2%	1.8%	2.9%	11.6%
Per Capita Personal Income	47,089	42,830	41,639	39,703	37,432	36,523	34,596	34,149	33,919	33,401
% Change	9.9%	2.9%	4.9%	6.1%	2.5%	5.6%	1.3%	0.7%	1.6%	9.9%
Unemployment Rate	6.8%	4.0%	4.0%	3.3%	3.5%	3.9%	4.1%	4.5%	2.9%	2.8%

Source: U.S. Department of Commerce, Bureau of the Census.
 Data is annualized based on activity through July 2009

STATE OF NEW HAMPSHIRE
SCHEDULE OF BUILDING PERMITS FOR HOUSING UNITS
FOR CALENDAR YEAR 2009

Building Permits Issued
By Number of Units

<u>Fiscal Year</u>	<u>Single Family</u>	<u>Multi- Family</u>	<u>Total</u>
2009	1,631	431	2,062
2008	2,301	916	3,217
2007	3,772	789	4,561
2006	4,826	851	5,677
2005	6,432	1,154	7,586
2004	7,002	1,651	8,653
2003	6,583	2,058	8,641
2002	6,754	1,954	8,708
2001	5,910	714	6,624
2000	6,097	583	6,680

Source: U.S. Department of Commerce, Bureau of the Census.
Data is annualized based on activity through November 2009

STATE OF NEW HAMPSHIRE

SCHEDULE OF PRINCIPLE (LARGEST) EMPLOYERS

<u>Employer</u>	2009		
	Percentage of		
	Employees	Rank	Total State Employment
1. State of New Hampshire.....	22,832	1	3.29%
2. Wal-Mart Stores Inc.....	9,017	2	1.30%
3. Dartmouth-Hitchcock Medical Center...	8,025	3	1.16%
4. University System of New Hampshire.....	6,457	4	0.93%
5. Demoulas & Market Basket.....	6,000	5	0.86%
6. Fidelity Investments.....	5,500	6	0.79%
7. BAE Systems.....	4,700	7	0.68%
8. Shaw's Supermarkets Inc.....	4,516	8	0.65%
9. Hannaford Brothers.....	4,474	9	0.64%
10. Dartmouth College.....	4,407	10	0.63%
Total.....	75,928		10.93%

<u>Employer</u>	2008		
	Percentage of		
	Employees	Rank	Total State Employment
1. State of New Hampshire.....	21,983	1	3.04%
2. Wal-Mart Stores Inc.....	8,631	2	1.19%
3. Dartmouth-Hitchcock Medical Center...	7,804	3	1.08%
4. University System of New Hampshire.....	6,784	4	0.94%
5. Demoulas & Market Basket.....	6,000	5	0.83%
6. Fidelity Investments.....	5,700	6	0.79%
7. Liberty Mutual-Northern N.E. Division...	5,133	7	0.71%
8. Hannaford Brothers.....	4,629	8	0.64%
9. Shaw's Supermarkets Inc.....	4,500	9	0.62%
10. Dartmouth College.....	4,246	10	0.59%
Total.....	75,410		10.42%

<u>Employer</u>	2007		
	Percentage of		
	Employees	Rank	Total State Employment
1. State of New Hampshire.....	21,655	1	2.99%
2. Wal-Mart Stores Inc.....	8,012	2	1.11%
3. University System of New Hampshire.....	6,668	3	0.92%
4. Market Basket.....	6,600	4	0.91%
5. Dartmouth Hitchcock Medical Center...	6,211	5	0.86%
6. Fidelity Investments.....	5,430	6	0.75%
7. Shaw's Supermarkets.....	4,700	7	0.65%
8. Hannaford Supermarkets.....	4,663	8	0.64%
9. Dartmouth College.....	4,246	9	0.59%
10. BAE Systems.....	4,100	10	0.57%
Total.....	72,285		9.98%

<u>Employer</u>	2006		
	Percentage of		
	Employees	Rank	Total State Employment
1. State of New Hampshire.....	21,121	1	2.93%
2. Wal-Mart Stores Inc.....	8,659	2	1.20%
3. Dartmouth Hitchcock Medical Center...	7,100	3	0.98%
4. University System of New Hampshire.....	6,901	4	0.96%
5. Market Basket.....	6,600	5	0.92%
6. Hannaford Supermarkets.....	5,374	6	0.75%
7. Fidelity Investments.....	4,859	7	0.67%
8. Shaw's Supermarkets.....	4,600	8	0.64%
9. Dartmouth College.....	4,246	9	0.59%
10. BAE Systems.....	4,100	10	0.57%
Total.....	73,560		10.20%

Source: New Hampshire Business Review/ Book of Lists 2009
 USNH Fact Book 2009
 State of NH Payroll Department

STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION

	2009	2008	2007	2006
General Government				
Secretary of State				
Corporate Division Filings:				
LLC Certificate of Formation.....	16,412	17,323	17,461	21,048
Trade Name Registrations.....	16,165	17,530	17,307	22,231
Corp. - Certificate of Authority.....	4,189	4,614	4,721	6,157
Other Corporate Filings.....	8,940	6,295	7,491	9,445
Administration of Justice & Public Protection				
Department of Safety				
Troop Station Personnel:				
Headquarters - Merrimack.....	195	199	196	190
Troop A - Rockingham/Strafford.....	47	49	56	56
Troop B - Hillsborough.....	51	54	51	55
Troop C - Cheshire/Sullivan.....	38	38	39	38
Troop D - Merrimack.....	41	41	43	44
Troop E - Belknap/Carroll.....	34	33	35	33
Troop F - Coos/Grafton.....	46	42	48	47
Troop G - Merrimack.....	73	79	-	-
Department of Corrections				
Number of Prison Inmates:				
NHSP/Men - Concord.....	1,407	1,398	1,348	1,301
NHSP/Women - Goffstown.....	147	142	114	100
Lakes Region Facility - Laconia.....	298	316	284	264
Northern Correctional Facility - Berlin.....	587	573	544	536
SPU/RTU & Transitional Housing.....	344	344	325	321
Resource Protection & Development				
Department of Resources and Economic Development				
Number of visitors at top 10 state parks:				
Cannon Mountain ¹	192,748	130,000	169,924	81,533
Flume.....	147,395	139,146	133,161	132,947
Hampton Beach ¹	98,681	57,992	46,756	88,283
Wallis Sands Beach.....	62,484	92,182	66,212	46,528
Pawtuckaway.....	88,403	84,907	92,019	44,673
Wellington.....	42,179	54,744	49,218	34,417
Mt. Sunapee Beach.....	28,718	21,952	33,249	32,150
Silver Lake.....	21,188	28,780	36,076	28,475
Odiome Point.....	18,109	21,566	24,372	23,299
Ellacoya.....	25,401	39,308	46,074	21,972

(1) - In addition to per person charges these parks also have charges per vehicle and season passes. Beginning in FY 2007, attendance methodologies were revised to more accurately reflect visitation.

Source: The State Departments of Secretary of State, Safety, Corrections, and Resource & Economic Development.

STATE OF NEW HAMPSHIRE
SCHEDULE OF OPERATING INDICATORS BY FUNCTION - CONTINUED

	2009	2008	2007	2006
Department of Environmental Services				
Dollars disbursed by program:				
SRF - Clean water.....	\$18,130,550	\$23,238,600	\$25,231,659	\$10,597,219
SRF - Drinking water.....	7,517,227	13,339,877	16,094,390	11,268,138
SRF - Brownsfield.....	165,625	1,062,586	-	56,352
Landfills.....	1,287,790	1,944,036	2,030,802	2,067,751
Water filtration.....	1,153,861	1,387,255	1,632,596	1,484,583
Interconnection Grants.....	128,047	107,409	109,386	-
Water supply land.....	571,655	772,093	373,750	577,301
Waste water.....	9,003,767	10,820,000	12,195,029	11,826,356
Aquatic weed.....	285,554	330,798	268,781	258,191
Household hazardous waste.....	153,155	95,971	149,744	140,974
Used oil.....	35,661	30,506	33,611	18,975
Transportation				
Department of Safety				
Number of motor vehicle registrations by county:				
Belknap.....	74,975	75,395	76,315	74,947
Carroll.....	66,861	66,461	68,816	66,563
Cheshire.....	82,460	82,535	85,133	84,397
Coos.....	39,541	40,313	41,614	41,287
Grafton.....	95,305	95,726	98,002	95,424
Hillsborough.....	395,186	394,380	403,722	398,493
Merrimack.....	164,749	165,887	169,271	167,730
Rockingham.....	336,828	337,654	342,793	339,579
Strafford.....	116,674	115,783	120,495	116,865
Sullivan.....	50,375	51,100	52,157	50,526
Other (Indeterminable).....	219	466	989	-
Health & Social Services				
Department of Health & Human Services				
Number of caseloads by program:				
Medical assistance.....	70,176	67,966	66,505	65,279
TANF.....	5,034	4,586	5,472	6,031
Nursing services for elderly.....	4,334	4,498	4,544	4,781
Child & family services.....	19,568	19,831	18,945	18,594
Food stamps.....	40,682	31,830	29,203	27,665
Education				
Community College System of New Hampshire				
Enrollment	10,659	9,528	9,011	8,577
University System of New Hampshire				
Enrollment	26,485	26,117	25,499	24,932

Source: The State Departments of Environmental Services, Safety, Health and Human Services, Community College System of New Hampshire, and the University System of New Hampshire.

STATE OF NEW HAMPSHIRE
SCHEDULE OF STATE EMPLOYEES BY FUNCTION

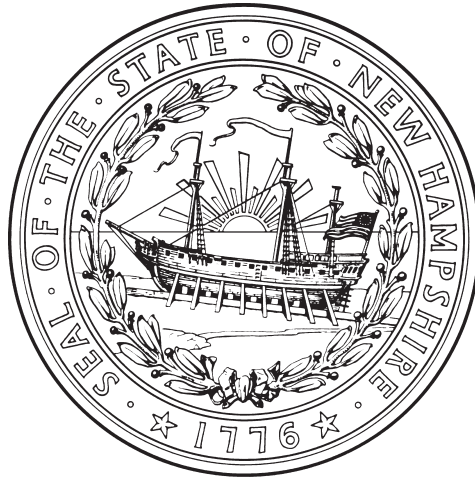
Full-Time Employees	FISCAL YEAR			
	2009	2008	2007	2006
General Government				
Office of Information Technology.....	388	391	391	390
Department of Administrative Services.....	312	303	294	252
Department of Revenue Administration.....	194	186	190	183
All other.....	459	456	453	450
Administration of Justice and Public Protection				
Department of Safety.....	1,085	1,096	1,092	1,057
Department of Corrections.....	944	975	967	973
Judicial Branch.....	670	676	673	682
Department of Employment Security.....	312	314	319	327
All other.....	906	917	881	879
Resource Protection and Development				
Department of Environmental Services.....	470	474	469	475
Department of Resource and Economic Development..	193	206	205	212
All other.....	197	195	186	189
Transportation				
Department of Transportation.....	1,623	1,643	1,658	1,683
Health and Social Services				
Department of Health and Human Services:				
New Hampshire Hospital.....	737	756	749	772
Office of Commissioner.....	617	635	625	585
Division of Children and Youth.....	372	371	350	358
Division of Transitional Assistance.....	337	335	318	317
New Hampshire Veteran's Home.....	326	328	316	279
Division of Juvenile Justice Services.....	313	315	321	348
Office of Health Management.....	265	271	267	262
All other.....	422	433	438	435
Education				
Community College System Of New Hampshire.....	756	748	719	709
Department of Education.....	267	269	277	274
All other.....	92	92	92	90
State Total.....	12,257	12,385	12,250	12,181
Part-Time and Temporary Employees				
General Government.....	728	729	730	725
Administration of Justice and Public Protection.....	4,005	3,745	3,617	3,374
Resource Protection and Development.....	1,465	1,369	1,237	1,301
Transportation.....	458	449	461	444
Health and Social Services.....	582	633	614	535
Education.....	3,337	2,673	2,746	2,561
State Total.....	10,575	9,598	9,405	8,940

Source: The Department of Administrative Services, Division of Accounting Services.

STATE OF NEW HAMPSHIRE
SCHEDULE OF CAPITAL ASSET BALANCES BY FUNCTION
GOVERNMENTAL ACTIVITIES
LAST EIGHT FISCAL YEARS
(Amounts in Thousands)

Function	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Land & Land Improvements								
General Government.....	\$ 5,885	\$ 5,886	\$ 5,885	\$ 5,764	\$ 5,764	\$ 5,782	\$ 5,782	\$ 5,782
Administration of Justice &.....	28,951	28,772	28,771	28,672	28,672	28,306	28,030	27,930
Public Protection.....								
Resource Protection & Development..	236,391	228,569	223,510	219,679	204,882	197,542	172,995	164,410
Transportation.....	310,714	305,299	281,263	233,585	220,610	186,692	166,595	260,751
Health & Social Services.....	4,033	4,034	4,033	4,154	4,138	4,138	3,906	3,906
Education.....	4,185	3,883	2,949	2,924	2,642	2,640	2,640	2,640
Building & Building Improvements								
General Government.....	152,335	147,036	146,348	135,795	135,795	102,174	97,426	92,880
Administration of Justice &.....	221,332	216,691	215,140	204,555	202,720	171,573	170,208	162,127
Public Protection.....								
Resource Protection & Development..	64,347	69,479	63,286	62,389	62,389	61,206	60,563	58,662
Transportation.....	65,360	56,143	48,274	45,816	27,988	24,304	24,304	21,493
Health & Social Services.....	119,157	112,434	111,160	82,395	81,995	70,870	70,549	69,077
Education.....	91,087	83,641	77,624	76,016	66,235	62,933	61,190	60,719
Equipment and Computer Software								
General Government.....	29,204	19,149	12,994	9,003	8,672	2,923	2,905	3,164
Administration of Justice &.....	79,569	76,594	69,585	62,524	50,501	51,570	44,054	38,020
Public Protection.....								
Resource Protection & Development..	18,822	18,891	18,061	17,550	16,336	15,364	15,143	14,731
Transportation.....	76,653	67,209	56,587	46,539	44,955	43,622	33,031	33,086
Health & Social Services.....	55,066	58,636	53,466	43,238	42,900	42,233	33,949	25,293
Education.....	9,682	8,359	8,340	8,030	7,785	7,383	7,177	6,314
Infrastructure								
Transportation.....	3,048,728	2,865,262	2,744,520	2,652,916	2,532,386	2,531,841	2,503,567	2,464,137

STATE OF NEW HAMPSHIRE
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